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WHERE HAVE MY PROFITS GONE?

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Where Have My Profits Gone??

AN EXAMINATION OF VARIOUS WAYS BY WHICH PROFITS ARE LOST; WITH AN EXPLANATION OF MODERN METHODS OF PREVENTING SUCH LOSSES.

BY

M. P. GOULD

ELMIRA, NEW YORK
AMERICAN SALES BOOK COMPANY, Limited
1912

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PUBLISHERS' FOREWORD

(Second Edition)

For many years, and at the cost of hundreds of thousands of dollars, the publishers, as pioneers in this country, have developed methods and perfected machinery for the manufacture of business systems and the necessary supplies for their successful operation.

The use of these systems has resulted in the saving of millions of dollars for the business men and the merchants of the United States.

Without such systems it would have been impossible for a great part of modern business to have been developed to its present magnitude.

In arranging for the writing of this book, the publishers consider themselves fortunate to have secured the services of one of the best qualified business experts in the United States, Mr. M. P. Gould. The facts which he states and so successfully elucidates are of inestimable value.

The various chapters touch so many different sides of commercial life that every retail merchant in every line of trade, of every condition and location, as well as the jobber, hotel and restaurant proprie-

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tor, manufacturer, shipper, public service corporation, banker, travelling salesman, sales manager, auditor, and every business man, will here find an interesting array of useful facts presented in such a clear and powerful style as to be revolutionary in effect.

Within three months after the First Edition of this book appeared, considerably over fifty thousand merchants and manufacturers have written to us in regard to it, showing how accurately we had estimated its value. Many have asked us to originate special systems for handling the details of their business. We are always glad to receive such communications from business men.

AMERICAN SALES BOOK COMPANY, LTD.
ELMIRA, NEW YORK,
April, 1912.

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AUTHOR'S PREFACE

Before attempting to write this volume, the author took advantage of the exceptional opportunities, placed at his command, of interviewing the many business experts associated with the American Sales Book Company, Ltd.

He wishes to acknowledge his indebtedness, in particular, to Messrs. Dickson, Phillips, Doughty, O'Hara, Wishart, Tatnall, Abell, Foster, De Young and Graham, veteran experts in modern store methods, and to Messrs. Vaughn, Fletcher, Breese, Miller, Liebman, Schuetz and Blampied, besides Messrs. Bottle, Boodger, Updegraff, Flaacke, Sawyer and others, connected with the publishers, to whom it is a pleasure to give due credit.

The author counts it a rare privilege to have been so closely associated with such able men who are devoting their efforts, with such conspicuous success, to originating and perfecting business systems.

In his relations with the Officers and Directors of the American Sales Book Company, Ltd., the author has been inspired by their breadth of mind, sincerity of purpose and far-reaching plans for correctly solving, in the most economical, accurate and successful ways, the multitude of intricate business problems

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constantly arising in the commercial progress of America.

Since writing the above, the American Sales Book Company, Ltd., has held a National Convention of all of its travelling representatives, at which the book was studied, analyzed, indexed and discussed in the most thorough manner. This second edition contains all of the revisions and improvements brought out at this Convention. The writer is authorized to say that these representatives, who are expert systematizers, will be glad to call on any merchant or other business man in their respective fields and offer their services, provided request is made to the Executive Offices at Elmira, New York.

M. P. GOULD.

NEW YORK,
April, 1912.

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Where Have My Profits Gone?

CHAPTER I

Sooner or later every business man takes his pencil and tries to find out why he is not making more money. He knows the business that he is doing. He believes that he is running that business carefully. He thinks that his employees are honest. Although he realizes that competition is sharp and that conditions may not be as favorable as he would wish, yet he sees no reason for his profits being so small. He expected them to be larger. He cannot understand where they have gone.

So he goes to figuring. He figures on the total amount of his business. He figures what the average profit ought to be in his kind of business. He totals up his fixed charges. He then adds up all his bills to find out what he has paid for during the year. He subtracts that from the total amount of money that he has taken in, and finds that the balance is not at all the same as the theoretical percentage of profits that he expected to get. What is the trouble? He is puzzled.

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Figuring Another Way

Then he goes over it again in another way, and again finds a discrepancy. There is always a difference between the profits which he thinks he ought to have and the profits which he actually gets.

Some men simply scratch their heads and wonder where the difference in profits has gone. Other men get ugly and try to "take it out" on their employees. Still another kind of man says, "Ah, I don't believe it," and lets it go at that. But the business man who really wants to grow to be a better and a bigger success will look around for ways of finding out what the actual facts are, and what has caused the loss of his profits.

The average small business man is quite willing to believe what he reads in his newspaper, when the attorney, Mr. Brandeis, states that the Railroads of America are wasting one million dollars a day through inefficient services. He is also quite willing to believe the New England Senator when he says that the Government also is losing three hundred million dollars a year by its out-of-date methods of handling its business, together with its losses from those who defraud it. He is willing to believe that the Trusts waste money, that the State Government wastes money, and that City and County administrations waste money. But he does not bring the matter home to himself. He is like that class of people who enjoy hearing a "fire and brimstone" sermon, because they think that the preacher does not mean themselves.

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In the first place let us say that a high official in one of the biggest cash retail stores in America recently stated that his firm considered itself fortunate if it did not lose, through dishonesty alone, more than two hundred thousand dollars per year. Since its total sales are about ten million dollars per year, this means that it is robbed, in one way or another, of two per cent of its gross sales.

If the small retailer could see his business as others see it, if he could catch the scientific efficiency spirit of the times, if he were truly ambitious to succeed, if he were sincerely anxious to have the most prosperous store in his locality, if he were determined to make such a positive success that he would step up into higher and bigger and more profitable fields of action, he would immediately get rid of his complacency, get rid of his self-satisfaction, get rid of his pride in his superiority, and buckle right down to the task of finding out where his profits are going.

The Printer

Take some business which is not retail. For example take printing. Here is a business which some authorities state is the seventh in magnitude of all industries in New York State, and eleventh in magnitude in the whole United States. Yet this same industry has a financial rating so low as to be startling.

Why is this? The answer is that printers as a class do not know how to figure their own costs of

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doing business. When their business is rushed they charge all they can for their work. When business is slack they go out and solicit trade at any price that they can get. They often make the mistake of figuring only the costs of the paper, press work, ink and binding. They think that when they have added a small profit to the above "costs," they are then not losing money. They do not add to the cost of paper, press work, ink and binding, their rent, light, power, general office expenses, solicitors' wages, repairs and depreciation of machinery, rejected printing (because of mistakes) and percentage of losses through failure to collect payment for printing completed. Until they have added all of these to the costs of paper, press work, ink, folding, if any, binding and trimming, they have not covered their costs. If they do printing for anything less than a figure which will cover all of these incidental and indirect and real costs, they are selling their printing at an actual loss. That is why the whole printing industry has such a poor financial rating. That is why so many printers fail. That is where their profits go.

The Grocer

The profits of the grocer and the general store are lost in forgotten charges, disputed accounts, errors of employees, thefts of employees, thefts of customers, liquid packages, lost containers, wasted time, unnecessary labor, petty losses, stock depreciation, lazy clerks, unclean stores, poor collections and dozens of other ways which any storekeeper will readily admit as applied to the retailers in general but

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will be very slow to admit, if applied to him in particular.

The Hardware Dealer

His profits, from the very nature of his business, go more into forgotten charges and the neglecting to make a correct record of cash sales at the time those sales are made, than in any other one thing. Almost every hardware dealer is practically a retailer to the public and a wholesaler to contractors and all other concerns interested in building construction. In addition to the above he does a great deal of business outside of his store. Consequently if he is the average hardware dealer he "carries his business in his head." That means that a considerable share of his business remains in his head, is never put on his books and is never paid for. "The passing of memory in business transactions" is one of the blessings of modern commercial development. We no longer compliment a man because he can carry his business in his head. We say that such a man is old fashioned; that he is behind the times; that he is subjecting himself to undue strain, and subjecting his clerks to unnecessary and unjust temptation; that he is not getting out of himself or his employees the results in profits to which he is justly entitled.

The General Store

The General Store loses its profits in the same way as both the grocer and the hardware dealer. But in addition it has losses of its own, as described in Chapter X, entitled, "THE GENERAL STORE AND THE GROCER."

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The Druggist

Some druggists lose their profits because they keep their "Nose so close to the grindstone" that they do not really know what is going on in their business. They spend money to advertise "Prescriptions a Specialty" without stopping to figure out that, if they take into account the cost of their drugs and chemicals, and the wages of a good prescription clerk and the number of prescriptions such a man can fill in a day, they are losing money on every prescription that they put up. Furthermore, because of the customs of the business, certain druggists work their clerks too long hours. The results often are that the clerks are mentally worn out, physically exhausted and sometimes driven to drug habits. Many druggists have no system of handling cash, which is an adequate check on the propensity of dishonest clerks to steal, both cash and valuable goods from stock.

The nature of their business compels them to handle so many different items (in an ordinary drug store about five to six thousand different items; in a prosperous drug store, fourteen to fifteen thousand items) and many of them are so lax in keeping accurate records of the amount of each different item in stock at any time, that they never know how much of their stock has been stolen, or how much has been sold or how much is on hand.

Hotel, Restaurant and Café

In this line of business profits go in the most unexpected ways. Sometimes the waiters take it, or

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the steward takes it, or the chef takes it, or the clerk takes it, or the cashier takes it, or the manager takes it.

Sometimes those who sell this line of trade take it. This does not mean that the hotel business is any more subjected to dishonesty than other lines. There are hotels and restaurants and cafés, many of them, that are just as strict and business-like and use just as accurate methods and are just as free from unnecessary losses, as are many other branches of business. The chapter on "Hotels, Cafés and Restaurants" is a further study of this subject.

The bottlers lose kegs, cases, bottles and other containers. That isn't their only loss, but it is a heavy one.

The Clothier and Haberdasher

Many of the clothiers and haberdashers lose goods and money not only through the changing of styles and the depreciation of stock, but because they cling to old, inadequate and inaccurate methods of handling their cash and credits. They also, particularly the clothiers, waste enormous sums of money in forms of advertising which have been proven to be extravagant, unproductive and wasteful.

Any Growing Business

If any retail establishment grows out of the one man stage into the stage where it has four or five, or fifty or sixty, or five hundred or six hundred employees, it will lose more profits than it realizes

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unless it adopts and enforces a strict adherence to the use of complete and accurate records for every side and phase of its business. In this connection the reader should turn to the chapter on "Big Store Methods."

Other Ways

In various parts of this book we refer to many other ways by which profits are lost. Every different line of business cannot here be taken up separately. If it were done, this book would be an encyclopedia and fill a library.

SIX GENERAL RULES FOR DETERMINING WHAT PROFITS SHOULD BE

The following general rules will apply to any business and help in determining what its profits ought to be.

Fixed Charges

1. The first thing which every business man should do is to figure accurately his fixed charges. The fixed charges are any fixed expenses which the firm will have whether it does any business or not—rent, light, heat, insurance, taxes, stationery, telephone, up-keep of the property and the salaries of its employees, to do business under normal conditions. Every business man should make a careful estimate of what his fixed charges are going to be for the ensuing year.

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Unusual Expenses

2. In addition to the above, every business man should make an allowance for unusual expenses, such as accidents, emergencies, repairs of an infrequent character. If this allowance is not made, then those unusual expenses will come out of the profits of that one year. In many failures, it is just such an unexpected thing as the above which puts the firm out of business. If, however, such an allowance is scattered over several years, then when the unexpected happens the business has, in reality and practically, been covered by the "insurance" piled up against it each year.

Bad Credits

3. A third allowance ought to be made by every business for bad credits. The total amount of business done on cash is so small compared to the grand total of all kinds of business transacted, that this rule applies to practically all business men. Any concern which figures that it is going to collect *all* of its money due, is simply inexperienced, and so optimistic that it is an unsafe risk. Hence, an allowance must be made for the money due which cannot be collected.

The cash store, or other business firm doing a strictly cash business, has losses peculiar to itself, which fully offset the losses through uncollectible accounts. (See chapter "Cash or Credit, Which?")

Operating Expenses

4. In addition to fixed charges, cost of materials, unusual expenses and poor collections, you must

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figure out what it will cost you to handle your business. Every dollar's worth of any new business that you get, after a certain amount is reached, will cost you a certain percentage to handle. You might as well figure that percentage in advance. If you increase your business five hundred dollars, or five thousand dollars, or fifty thousand dollars, or five hundred thousand dollars, or whatever amount you have set your heart on, just figure out how much more it is going to cost you to take care of that business. Don't trust to luck. Face the facts. Know the game you are up against. Win because you are not working blindly, but are using the creative and organizing and planning faculties with which you are endowed. Right here, read the chapter entitled, "The Planner Versus the Plugger."

Appropriation for Increasing Business

5. Provision should be made by every business man for increasing his business. A business which is not going ahead has the elements of failure in it. If it stands still long enough, it will go backward. When it does start on that down-grade, it will be mighty hard work to reverse and start up again.

The Fight for More

Furthermore, even the best run business is continually losing good customers by death or removal, and many other causes. Unless active means are taken to replace those old customers continually, the business cannot even hold its own. In this age the fight for business is constant and vigorous and relentless. Unless a business man is fighting all the time as

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described in the chapter entitled, "The Fight for More Business," his firm would not be a good investment. He cannot hold his own. He will be sure to remain "small fry," and to be absorbed by some of the bigger and more progressive concerns in his line.

The usual method of getting more customers is through an appropriation for advertising, but that appropriation will not produce the proper results if the business itself is not so conducted along modern lines as to take advantage of the advertising, and make that advertising thoroughly representative of the business itself.

Add Your Profits

6. When you have figured up all the above, then add a legitimate profit. Don't let your profit be "whatever is left after you have paid your bills." Do as the big business men do; as every well organized incorporated business does—make a definite estimate of your profits and try to hold your business up to that estimate of those profits. Whatever you clear, in excess of the estimated profits, is extra, and can be used as an additional dividend or as a sinking fund, or for enlarging the business.

Incorrect Costs

The loss of profits, in almost every business, is due to lack of knowledge of the costs of doing business in that line, under the conditions surrounding the firm in question. Indeed, many concerns do business without a clear, definite idea of what they have

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done or what they are going to do. One of the great steps in the progress of modern business has been the persistent search for correct cost finding and cost keeping.

Many volumes have been written on the subject, and many more will be written.

If this volume aids, to even a small degree, in stopping the general habit of doing business *in a haphazard way,* it will have served a valuable purpose in the commercial progress of America.

EIGHT GENERAL CAUSES OF LOSSES

There are a great many rules that might be made for detecting and preventing the loss of profits. The principal rules for such purposes are the following:

Buyer is Easy

1. The Buyer is too easy. He does not compare prices or goods or services sufficiently to give him a reliable basis for values. In other words, he takes too much for granted. He depends too much upon the man who is selling him. This habit is partly due to haste, which is a result of the lack of organization. It is also partly due to laziness. Besides, it is a human failing to desire to be well "liked," even by the firm which you are favoring.

Collusion

2. The buyer's agent or representative may be in collusion with the seller, or the seller's agent or

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representative. This is a phase of business which is so ramifying and often so adroitly covered up, that nothing but "Eternal vigilance" can detect and prevent it.

Indifferent Employees

3. Employees may be indifferent. This indifference may come from unjust treatment, or too low wages, or lack of example by the employer. It may also come from sympathy with each other; all conspiring to kill time so that none will lose his job.

Dishonest Employees

4. Some of the employees may be dishonest. Oh! do not go up in the air over this. You would not be the first man who had his "heart broken" by finding that his trusted employees were digging into him steadily and abusing his confidence. Indeed, modern business is demonstrating that it is wrong to trust employees in the old way. It is unbusinesslike. It is unsystematic. It puts temptation in their way. It breeds carelessness and crookedness. The modern employee who knows his business does not expect or want to be trusted in the old-fashioned sense. For his own protection, he wants to make his records so complete, and keep them so clear, that after he has been out of a business for a number of years, he can refer to all of the records of each and every one of his transactions and give a clear proof of his part in each. The worst thing that can happen to a good man is to work in an institution where complete and accurate records are not kept by all. Because then, if anybody in the institu-

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tion is crooked, the institution itself may get into bad repute. Then the honest employees may have their good names tarnished.

Unwise Ventures

5. The management may enter into some expensive venture which has not been well thought out; which has not been discussed pro and con in conferences by the employees and proprietors. It is a serious thing, even in a small business, nowadays, to give one single individual power to settle everything. Even the sole proprietor has only the brains of one man. There are other men working with him, if he is the proprietor of a business that amounts to anything, whose judgments are worth taking into consideration. The day of the "one-man" business is over. The big businesses of to-day are built, not upon one man, but upon organizations. It is too precarious to allow any business to depend upon a single individual in these days of strenuous exertions, with quick demises, automobile accidents, train wrecks, and every other risk of incapacitation. Investors know that a one-man business is not a safe investment. Unless a business is so organized that it will go on uninterruptedly and prosperously, no matter what happens to anybody connected with it, that business is not stable or safe.

Outgrown Methods

6. Business may have grown too fast. It may be conducted along methods which were not intended for its present size. The result may be that its methods of operation are too expensive; or, the

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opposite may be true. The business may have grown to be a great success. An expensive organization may have been built up. Then something went wrong. New competition came. The whole system may have to be torn to pieces and reorganized to meet the new conditions. A business widely known throughout the nation several years ago paid dividends of over $2,000,000 annually. Then a new condition arose; new competition entered the field. Within three years the dividends dropped to $600,000 per year.

Conditions are changing so fast in every business in this country that we all have to keep ourselves up-to-date, and continually "reorganized," or we will step down and out for the newcomers to do it for us.

Too Much Detail

7. The proprietor of the business may be a man who has built it up. He may know it from A to Z. He may have passed through all the stages of work necessary to build it up. He may be an unusual man, able to do any part of the business better than any employee can do it. Yet now, this proprietor may be spending his time doing work which a cheap employee could do for him. His time may be so much occupied with such small details that he does not have time to plan his business and make it produce the profits to which it is entitled.

Profits are elusive. They do not grow on every bush beside every road. They cannot be picked up

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in the street. They may be in one place to-day and in a very different place to-morrow. Persistency is a very laudable characteristic. The world honors the "sticker"—unless he happens to stick to a bad business method until he goes broke.

Profits move in waves. Some men or institutions discover a new way to increase their profits. The news of that new way is quickly known throughout the land by other business men, in the same and other lines, who keep their eyes and ears open for the latest of everything good. Then they revamp their business to comply with the new knowledge. After a while the others "follow suit" when it is too late to secure the advantages that accrue to the originators and leaders. Then, when they change, they are in the same relative position as before.

Slow in Changing

8. Discoveries are coming so fast that the business man who is not alert and anxious to know the new and drop the old as quickly as the new is demonstrated to be better than the old, is no longer looked upon as an important commercial factor.

It used to be said that man was a fighting animal, and therefore war would always be necessary, because man could not be changed. That idea is now exploded. Things are not static. Everything is changing. The whole universe is developing, in the words of the poet, "Rising on the stepping stones of our dead selves to better things." It is risky to say, "It cannot be done," because before

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you have finished talking, it will be done. Human beings used to torture each other to force confession. They used to bind their fellow-men in slavery. They used to practice all forms of despotism. These things have been changed.

A World-wide Change

Man used to say that since the human race had always fought it always would fight. Now, we say that at the lowest stage of humanity the savages were always fighting. A little step higher, the barbarian fought only part of the time. Then the semi-civilized nations fought occasionally. Now, the civilized nations fight rarely. As they become more civilized, they will not fight at all.

There have been only fifteen years of war since the Napoleonic campaigns of 1815.

The world used to think that there was only one way to settle international differences, namely, by war. But since 1815 over one hundred peace conferences have been held. Over two hundred arbitration treaties have been signed. Two hundred and sixty International Disputes have been settled by arbitration.

The business man who knows and talks about systems which were in vogue fifteen, ten or even five years ago, is not up to the times. He is out of step. He is not in contact with the newest improvements and the latest means of conserving profits.

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Indeed, one of the undeniable and universally acknowledged benefits of big business organizations is that they can employ men and means to keep searching all the time for improvements and developments in their industries. Think of the "By-Products" that have been discovered and perfected in the experimental laboratories of big concerns, and by the experts maintained by such firms at an expense which would have been prohibitive with small disintegrated individual business houses.

Only those who are in daily and close touch with the business world have any conception of the progress that is being made every year, every month and every day in eliminating losses and increasing profits.

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CHAPTER II

THIRTY-THREE RETAIL LOSSES

In Chapter I we have stated six general rules for determining what profits should be, and eight general rules for detecting the losses of profits.

In the following pages we have gone, in detail, over thirty-three of the common causes or sources of losses in retail stores. We have explained and analyzed most of them, in order to make them clearly understood and to bring them home to those who are suffering from those losses—whether or not they now realize that they are so suffering.

A close survey of business in general—retail, manufacturing, wholesale, shipping, advertising, financial—brings to light amazing losses.

Some of these losses are known to people outside the trade, but not known to the majority of people in the trade itself. Some losses are known to the trade itself, but to only a few outside.

The very men who are losing the most are often the ones who are most complacent and self-satisfied with the very system which makes those losses possible.

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Some business men are so self-centred and jealous of their reputation, that they are afraid to admit that they have losses, and afraid to take any action toward correcting the losses which they know that they have, for fear such action would make their losses known.

None but a big man can look facts squarely in the face and admit them—particularly when those facts injure his reputation, hurt his business standing, and prove his partial incompetency.

Cutting Out Sentiment

Many merchants cling to their present methods for the sake of sentiment. They have made a success with those methods. They are afraid to change the methods for fear that they will not do as well with the new. Some stick to the old methods for the same reason that a man carries a rabbit's foot, or will not walk under a ladder.

THIRTY-THREE CAUSES OF LOSSES

The thirty-three causes of losses in retail stores referred to above are the following:

1—Forgotten Charges, Forgotten Transactions

When you stop to consider the millions, yes, billions of dollars' worth of business done every year by the merchants of America, and then when you stop to consider that every dollar's worth and cent's

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worth of that business should be recorded in some manner, by some system of keeping accounts, you will begin to realize how many hundreds of thousands (actually millions) of times the making of the record is forgotten. Of course, the cash merchant says that this does not apply to his business, but it does, just as much as to the credit business. Any cash merchant who thinks otherwise merely fools himself, and pays the penalty. This fact is amply and undeniably demonstrated and proven elsewhere in this volume.

A Six-time Loss

A sale made but not recorded is a six-time loss. The cost of the goods is lost; the profit that should have been made on the sale is lost; the time taken to make the same is lost, which time could have been spent profitably in other work; the labor of handling the goods, that is, while making the sale, is lost; the development of carelessness, which develops disloyalty, which develops questionable practices, which develops actual thieving, is a loss—a serious loss. Then there is the loss from tracing the loss. There are your six losses.

Thus the forgotten charge, or the forgotten record is a greater loss than if the goods were destroyed by fire, for you carry fire insurance and will be reimbursed for a fire loss. The merchant could better let his goods burn than let them go out of the store not charged, or without a written record of the sale carefully made and kept.

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Forget During Rush

There are many cases in which charges or cash sales records are overlooked. Probably the most frequent cause of forgetting is trying to wait on two customers at once, or trying to hurry through with one customer so as to serve another who may be getting impatient. Indeed, clerks and merchants, as a whole, think more of selling their goods than they do of being absolutely sure that they get and keep the money for the goods sold. This may seem to be a strange statement, but it is absolutely borne out by facts.

Sold Outside Store

Another cause for forgetting is that goods are sold in warehouses or basements, or on the sidewalk, or away from the main part of the store. The salesman tries to remember to make the entry upon returning to the store; something distracts his attention when he does return; later he tries to think of all the items, but some escape him.

Arguments with customers, a fire alarm, an accident on the street, a parade, a fight, a remark, the unusual attractiveness of a customer, weariness, illness, lack of interest, positive disloyalty, spite, revenge, and a thousand and one other things cause the employer, as well as the clerk, to forget to record a sale or part of a sale.

Showing the Doubter

A certain merchant in the town of ——— did not believe that he or his clerks forgot to record enough sales so that his losses amounted to anything. On

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a bet to prove his position, he made the following offer: He called his clerks together, and told them that he would put twenty-five cents into a jackpot every time one clerk saw another forget to charge or record a sale. Nobody was to say anything about what he saw each day. Every night each clerk would write out exactly what he had seen that day, put it in an envelope, seal it, and hand it to the merchant. At the end of the week, the clerk who had forgotten the least number of times was to take three-fourths of the money in the jackpot; the remaining one-fourth was to go to the clerk who had forgotten the next lowest number of times. The end of the story is that the merchant was so startled and alarmed at the end of the first week that he changed his entire system. He was very careful afterwards not to brag about the "Good Memory" of his clerks and himself.

The Only Safe Rule

It is now accepted everywhere among progressive merchants as an axiomatic truth, that the only way that forgotten charges and forgotten sales records can be stopped is for each clerk, as well as the merchant himself, to have ever present on his person, wherever he may be—behind the counter, on the floor, on the sidewalk, in the warehouse, on the order wagon, or any other place where a sale may take place, a handy, manifolding sales check book, in which he, at the time of the sale, makes a complete record of the transaction. No other method has been devised which so successfully answers this purpose.

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2—Disputed Accounts

Next to forgotten charges and forgotten sales records, the greatest source of loss in a retail store doing a credit business is controversy over accounts. So fraught with serious consequences is this phase of selling, that some of the most successful merchants have gone to extremes. A great merchant in Chicago, known all over the world as a success, impresses upon all of his employees the importance of treating every customer as if the customer were always right—no matter whether she is or not. A leading merchant in Boston takes the same position, although he states it in a little different way. He says: "Let the public think they are DOING us."

The Returned Hat

He himself carries this policy to such an extreme that the story is told that once in walking through a department he noticed a woman who was quite excited over something. He called to him the head of the department, and asked what the trouble was. The department head stated that the woman had not purchased her hat in his department, but wanted to exchange it for something else, saying that she did not like it. The merchant instantly said: "Take the hat and give her credit for it."

The department head was so chagrined and angered at the injustice, that he immediately resigned. The merchant then drew his own check for the hat, and gave it to the head of the department, refusing at the same time to accept his resignation.

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The merchant's wide knowledge told him that some day the woman would find out where she bought the hat, and that then for the rest of her life she would talk about this store and its liberal and fair treatment of its customers. Therefore, he settled the controversy instantly as described above. It is interesting to note how his intuition guided him aright. The incident was repeated so often that it got into print, and became famous throughout New England.

$10,000.00 for $30.00 Hat

That thirty-dollar credit—mind you, an absolutely unjust credit—probably gave that store $10,000.00 worth of free advertising. That is, the merchant could not, for $10,000.00, have started so many people to talking about his store and recommending it to friends, as he did by grasping the situation instantly and handling the affair as he did.

Foolish Cross-Examinations

Quite the opposite was the system of another New England merchant, who subjected to a severe criticising every customer who wished to bring anything back, or who complained about what she had purchased. He made it so hot for the customer, that, of course, she would not return anything. But thousands did not trade there, for fear that they might want to return something and would be subjected to the indignity of a cross-examination. This merchant had to change his method. Such an attitude toward the customers is antediluvian. It cannot succeed. It was generally discarded years ago. This

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merchant discarded it. Then his store began to grow. His policy became liberal. He has now one of the most successful stores in the East.

Settle in Customer's Way

It is now universally conceded that a merchant *must settle a controversy in the customer's way,* providing the customer believes that she is right—even though she is not right, and even though a settlement in her way causes a loss to the merchant. In another chapter in this volume, entitled, "How Every Business Is Built Up," are stated some of the reasons for the adoption of this policy.

Continual Trade; Continual Profit

The whole business world knows that controversies are costly; that a customer who goes to trade elsewhere through a dispute, is a far more serious loss than merely the amount in question. It means a continual loss of profits that would have been made on that customer's trade. Furthermore, it is now known that it costs far more to get a customer than the profits on that customer's first sales will amount to. Hence no real profits can be made, no permanent progress will ensue, no great success can be achieved, unless each customer is held long enough for the merchant, or any other business man, to realize a continual profit on the customer's continual patronage.

The Small Black Spot

An orator of wide fame was once addressing an audience in Australia. At one point he held up a

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large white cardboard, measuring two feet in diameter. In the centre was a black spot, one inch in diameter. He asked his audience what they saw. Instantly from fifty different parts of the room came the answer, "A black spot." Not one who spoke had paid any attention to the large white space of white cardboard. They had not seen that part. They merely saw the little black spot. So it is with many merchants and other business men. A controversy is a black spot; it upsets them—they see nothing else. They pay no attention to the 99 per cent. of friendly dealings which they enjoy. A little black spot of a controversy will upset their judgment, and make them act in a way to create lasting enmity and harm their reputation and reduce their profits.

3—Dishonesty

This is a delicate subject. It is one which will get a headline in a newspaper at any time. It is a subject which will start a rumor upon the merest pretense—a rumor that may do a good business house a great injustice.

People go to such unreasonable extremes in talking about dishonesty that it is difficult to state any precise facts about it.

A muckraker would lead you to believe that all sales clerks are dishonest. The pessimist would lead you to believe that all employees of every kind are dishonest. The crook would lead you to believe that everybody—employers, employees and custom-

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ers—are dishonest. Then, to offset those views, some trusting soul would lead you to believe that everybody is honest at heart and would be honest in action if he were treated fairly.

Recently a foreign divine (running "wild" in America) is reported to have said that no business man could make a big success in business unless he were crooked in his dealings, while a drummer, who has travelled all over the country, goes so far as to say that "Ninety per cent. of the merchants and business men will lie for twenty-five cents."

On the other hand, here is another man, who for thirty years has travelled in the commercial centres of America, who says that more than 90 per cent. of all business is transacted on a straightforward, honest and honorable basis: that the other 10 per cent., which is crooked, is like a black spot on a large circle of white. It attracts our attention because it is black. We see it and forget all about the great majority of honest dealings.

The Medium Line

Somewhere between these two extremes is a line that comes close to the truth—a line that tallies with the experience of merchants, employers, employees and the public.

Aside from all theory and speculation and philosophizing, the fact remains that an expert in all kinds of modern business can go into a retail establishment, or a manufacturing plant, or a printing

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shop, or a railroad office, or a bank, and often point out to the proprietor his own employees actually stealing from him. Either the expert will see the clerk taking the goods secretly, or taking money, or working in collusion with another employee or an outsider. Indeed, many old merchants nowadays allow a certain percentage for "Unknown Losses" annually. Some of them even go so far as to shut their eyes to the causes of these unknown losses, for fear that if they look sharp they may see plain stealing among their employees.

In Chapter XIV of this volume, entitled, "The Business Detective," some of the devious ways of amateur and professional crooks are described by those who have had opportunities to watch such "undesirable citizens" at work.

What Starts Dishonesty?

What starts dishonesty? Why should anybody want to be dishonest? Why cannot every man or woman realize not only the lasting satisfaction, but actually see the business advantage of being honest, and establishing a reputation for absolute integrity?

Remember, that it is hard not to feel that we are right and other people are wrong. Most of us act without regard to the effect of our acts upon other people. No person in the present intricate and complicated state of civilization lives his life alone. If the proprietor takes a cigar, or a book, or a bottle of perfume, or fruit, or dress goods, or postage stamps, or anything else out of stock without paying for them and leaving a written record of the

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transaction, the employee will naturally soon feel inclined to follow his example.

If the employer does not treat his employees in a way which the employees think is fair, then those employees will take advantage of the employer whenever they can. "Taking advantage" may assume one form or another. It may be taking enough money to give them the wages which they think they deserve. It may be taking food, or other goods, which they cannot buy because (as they argue) their employer does not pay them the wages which they earn.

Furthermore, if the employer takes advantage of his customers, then he breeds a like habit among his employees. They will also take advantage of his customers. Having learned the habit, and not being able to get as much as they desire from his customers, they may turn and take advantage of him.

Carelessness is Catching

Still further, if the employer allows his employees to transact business in a careless way, that carelessness may grow into questionable methods. Unless employers protect their honest employees against those who might be dishonest if they dared, and protect all of their employees against the temptation to be dishonest, they are not treating themselves or their employees fairly. The employer should compel his employees to use a system which will keep them out of unnecessary temptation. Unless he does, he can expect that some of them will learn

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bad tricks. In time of need, or whenever they think that they are not treated justly, or sometimes when their moral stamina goes to pieces, they may begin to steal from him. It is a dangerous thing to have a thief at work among honest employees, without his getting his just deserts.

To Stop Losses

The first principle of stopping such distressing losses—losses of loyalty, losses of ambition, losses of character, losses that arise from a suspicious and disorganized force of employees—is to compel every one to write a record of every transaction. This is a simple thing: so simple that many merchants have considered it unnecessary.

Employees' Attitude

Some merchants think that the establishing of such a system reflects unfavorably upon their employees, and will therefore be opposed and resented by the employees. If the system is properly explained to them, they will consider it a great protection and advantage to them.

But the dishonest employee knows that he must be ten times more careful of written evidence than of rumor, or some person's "word" as against his own. He knows that he is a "goner" if his own handwriting convicts him. Hence, the employees who understand the value to themselves of a written record will want such a system installed, while the employee who does not understand it, as well as the employee who is now, or wants to be, dishonest, will oppose its installation.

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The Broad Principle

Let the employees take it as they will, every business house, retail or otherwise, should make a uniform and invariable rule that the particulars of every transaction of any kind must be written at the time the transaction is made; that the record of every part of the transaction must be written as that part of the transaction is made; that a manifold record form—either sales check book, or some other manifold form—must be used in writing the record, so that one copy will go to the buyer and one copy go to the seller. As many more copies must be made in the one writing as are required, a copy to give every party to the transaction.

4—Errors in Posting

In stores, or any business which makes use of the day book, the journal and the ledger, there is always a possibility of a mistake being made in copying from the day book to the journal and from the journal to the ledger. This is even more true of a store whose proprietor does not like bookkeeping, doesn't understand the various methods of bookkeeping and doesn't realize the importance of an absolutely clean record of each transaction. Of course, no retailer or any other business man, for that matter, wants to admit that he makes mistakes in posting. However, an extended survey of all kinds of retail stores makes it sure that there are many mistakes of this kind. These mistakes are annoying to the customer, and cast suspicion upon the merchant. The automatic way of preventing such errors is to give with each sale a written record

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of all of the items in that sale. Then the customer can do his own posting and there can be no controversy, since the written record will show what was purchased, the amount and the price. Here again a duplicate record of the order accompanying each package, or each order, goes far toward eliminating errors and is a check on the individual making the error.

5—Errors in Footing

Like every other question, there are two sides to this. Errors in footing may be either intentional or unintentional. If the errors are in favor of the merchant, of course, it will be hard to convince the customer that it was not intentional. If the error is in favor of the customer, many merchants will say that you can trust most customers to keep still about it. Consequently, the merchant is impaled on either one horn or the other of the dilemma—he is either under suspicion as trying to cheat the customer, or actual loss by cheating himself. Of the two, the loss of confidence in the customer's mind probably hurts the retailer more than the actual loss of profits *from the latter.*

6—Clerks' Errors

This title certainly covers a multitude of sins. Clerks are human. They have all of the frailties to which every human is heir. They are careless. Some of them are paid so little, either justly or unjustly, that they have very little incentive to be careful. Some are dull, some are dishonest, some are sick, some are worn out, some have family trou-

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bles, some cannot meet their bills, some have bad tempers, some are spiteful—and so the list may be continued on and on. The millennium is not here yet. The best that can be expected is to give clerks a system so simple to operate, so accurate in its method and so hard to "beat" that there will be a constant warning against being careless or dishonest, and a constant incentive to be careful and loyal.

7—Delivery Errors

Of course these are mostly clerk's errors, but there are also delivery boy's errors, employer's errors, driver's errors, wrapper's errors and the errors of anybody else who in any way touches the transaction. The chief cause of delivery errors is in the delivery man or in the person who makes the delivery not being able or not taking time to check up his packages before he starts. These errors may be due to faulty writing, to ignorant helpers, or to careless drivers. In some stores a responsible person does nothing but assemble every order and check off the number of packages, the name, the address and the total amount of each order. Where there are two or three members of the firm, this department is often counted so important as to be under the personal direction of one of the members.

8—Over Purchases

In every credit store which does not have a system which keeps each account before the eyes of the manager or proprietor all the time, there will be trouble with some customers buying more than they can pay for. The Systemat, which files the sales slips

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with the last one, bearing the total unpaid purchases at the top, always in plain sight of the merchant (but of course not seen by the inquisitive customers), is the system used by many progressive merchants to prevent over purchases. The old-fashioned system in which the merchant or bookkeeper had to dig out from a 300 or 500-page ledger the amount due from each customer is so cumbersome and unreliable as a check on over purchase, that the newer and better method is being adopted generally.

9—Liquid Packages

In many stores, particularly grocery and general stores, certain things like oil, gasoline, denatured alcohol, molasses, etc., are kept outside the store, or in the back end of the store, or in the basement. A great many losses occur because an accurate system is not used to assemble or bring together all purchases on an order and checked off before being delivered either by the driver or direct to the customer. Many times the customer will pay for the goods bought in the store, either in cash or by having them charged; but sometimes the can of kerosene, or the jug of molasses, or the bottle of denatured alcohol, or the gallon of paint, or some of the builder's supplies, will go directly from the outbuilding, or the annex, to the driver or to the customer's vehicle, without being paid for or being charged. Unless the goods are properly assembled and checked off before delivery, the clerks and customers, as well as loafers, very soon see that there is a chance to get goods which have not been charged

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or paid for. Naturally, anybody who is trying to defraud a merchant, or any other business institution, will try the weakest link. Incidentally, turn to the chapter entitled, "The Weakest Link," where this subject is made still clearer.

10—Lost Containers

The loss of the container is a serious one. The grocer's and butcher's baskets and boxes are not returned—the brewer's kegs, cases and bottles are thrown away. The rug poles are used for clothesline poles. Ice cream freezers are put into the cellar and forgotten. Milk bottles are dumped out or smashed. A Cleveland store prints on its sales checks this line, "Baskets, jugs, etc., must be returned." All such containers are charged to the driver. He must see that they are returned or pay for them.

With the proper system of duplicating books, for checking and keeping a record of all baskets, boxes, jugs, cans, kegs, bottles, freezers, etc., the owner knows where he stands. He knows just where the containers are, how long they have been there, and how many he has in stock. In this way the number of containers required can be very greatly reduced, releasing more capital for productive work and getting the containers into your possession before they have become a nuisance to the customer and are destroyed.

11—Petty Losses

In the ordinary store having from two to ten clerks, the petty losses will run from fifty cents to

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three dollars a day. They occur from a cash customer who wants a small bill to run a day or so and then forgets it. Or, a woman forgets her purse and wants to take some goods with her, and says she will pay for it the next time she is in the store. The clerk or merchant makes no record of the sale and the purchaser forgets it. The amount may be only twenty-five or fifty cents. Finally the store keeper thinks of it, but it has run so long that he is ashamed to say anything about it.

That is easily overcome by writing down each sale, and treating these petty sales as if they were regular charge sales.

12—Wrong Costs

The "cost" problem is undoubtedly one of the most important in modern merchandising. Errors in figuring costs are responsible for a large percentage of the failure to realize the profits expected.

The following explanations have been approved as correct by several of the best known certified accountants in America.

Two "Right Ways" To Figure

There are two distinct schools of "cost experts." One school *begins at the invoice and builds up;* the other school *begins at the selling price and builds down.*

Let us state both ways as clearly and concisely as space and language will permit.

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(A) Building Up From Invoice

Ascertain the total amount of purchases for a given period, say one year. For the same period ascertain your total cost of doing business. This cost may be simple or very intricate and technical in accordance with the nature of your business. For brevity's sake, however, let us call it all "overhead expense," made up of such items as light, heat, water, gas, deliveries, clerk hire, supplies, postage, delinquent accounts, insurance and rent (although rent and interest on investment, taxes, etc., are classed separately by some accountants).

For example, assume that during the year 1911 you purchased merchandise (to resell) amounting to $30,000, as shown by your invoices. Your total overhead expense was $6,000. Divide the $6,000 (overhead expense) by $30,000 (amount of purchases to resell), *to ascertain the per cent. of overhead expense to each dollar cost of merchandise*—in this case 20 per cent. You must therefore add 20 cents to each dollar cost of merchandise to ascertain your true total cost—without regard to profit.

The overhead expense should be scrutinized frequently for changes; also the PERCENTAGE of overhead expense to each dollar cost of merchandise may change materially with the increase or decrease of business, and therefore should be refigured every quarter in order to be sure that the selling price established will yield the net profit desired.

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Close competition may force an increase of the over-head, and a reduction of the net profit, but it does not change the principle of cost figuring.

Assume that on the above volume of purchases you desire to sell your goods on a basis to yield a net profit of 10 per cent. on the gross sales. The cost of goods was $30,000; cost of overhead expense, 20 per cent. or $6,000, making a total of $36,000. Since you wish to make 10 per cent. profit on the gross sales, then $36,000 must represent 90 per cent. of the gross sales. Therefore, divide 36,000 by .90 and you get the gross sales, $40,000.

Prove this by taking 10 per cent. of $40,000, which equals $4,000, which equals your 10 per cent. profit, which leaves $6,000 for overhead expense and $30,000 for invoice cost of merchandise.

Now figure the same way on an individual item on which you want to establish a selling price which will yield you 10 per cent. net profit. Suppose that you pay for one bushel of apples $1.00. Add 20 per cent. for overhead expense—20 cents. You wish to make 10 per cent. profit; therefore, $1.20 is 90 per cent. of the selling price. Therefore, divide $1.20 by .90 and you will get $1.33 1-3, which is the selling price.

Prove it. Ten per cent. of $1.33 1-3, or .13 1-3, equals profit. Twenty per cent. of the invoice cost, or 20 cents, equals overhead: $1.00 equals the invoice cost; add the three and you get $1.33 1-3, equals selling price.

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(B) Building Down From Selling Price

Mr. E. St. Elmo Lewis, Advertising Manager of the Burroughs Adding Machine Co., Detroit, has published a very interesting booklet entitled "The Right Way to Figure Profits," which is well worth the careful study of every business man. Mr. Lewis and many others seem to feel that there is a possibility of retail merchants, in particular, becoming confused if they attempt to figure the percentage of overhead expense on the basis of *invoice cost* and the percentage of profit on the basis of *selling price.* The advocates of this method feel that the selling price should be taken to represent 100 per cent., to be divided into three relative parts—one part to represent profit; one part to represent cost of doing business; and one part to represent the cost of merchandise. This is the way that the above example would be stated, according to this method.

Assume that during the year 1911 your gross sales amounted to $40,000, and that your total expense was $6,000. Divide the 6,000 by 40,000 and you get the percentage of your cost of doing business as 15 per cent. of the selling price. You must therefore lay aside 15 per cent. or 15 cents of EVERY DOLLAR YOU TAKE IN to cover the cost of doing business. Since you desire to make 10 per cent. net profit, you must set aside 10 cents out of every dollar received.

Since you desire to take 15 cents for the cost of doing business, and 10 cents for profit out of each

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incoming dollar, what you really do is to take 25 cents for your gross profit.

The dollar you TAKE IN includes the cost of the merchandise (75 cents); the cost of doing business (15 cents); and the profit (10 cents). It covers everything. It is the selling price; therefore, it is 100 per cent.

From the above we know that the cost of doing business is 15 per cent. and the profit we want is 10 per cent., so we add these two, making 25 per cent.; subtracting this 25 per cent. from 100 per cent. gives us the cost of the merchandise as 75 per cent. of the selling price.

To find the selling price, we simply divide the cost of the merchandise in money (no matter how much or how little the cost may be) by the cost IN PERCENTAGE—in this case 75 per cent.

For example. The purchase price of a bushel of apples is $1.00. We don't know what the selling price will be, but the gross profit is to be 25 per cent. Therefore, the cost, $1.00, divided by the percentage of cost, 75 per cent., gives us $1.33 1-3 as the selling price.

Prove it. Cost of apples (75 per cent. of selling price) is $1.00; cost of doing business (15 per cent. of selling price) is 20 cents; the net profit (10 per cent. of selling price) is 13 1-3. Add these and you have the selling price (100 per cent.) or $1.33 1-3.

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In this method of figuring profit all percentages are based on the same thing, namely, THE DOLLAR YOU TAKE IN.

Caution! Don't mix these two methods—A and B. If you start one method, stick to it. If you start the other method, stick to that. Both are right; both arrive at the same conclusion exactly. Use whichever seems most practical to you.

13—Imitating Faults

We are all grown-up children. Employees will imitate the faults of their employer quicker than they will imitate his virtues. If the proprietor is slack, the employee will be more slack. If the grocer leaves the cover off the butter tub, the employee will throw it on the floor; if the proprietor takes a cigar, fruit or crackers, a necktie, gloves or fishing rod or a jackknife, pencils, stamps, an ink bottle, or anything else out of the store without paying for it, or making a record of the sale, then some employee may imitate him, and gradually look upon the taking of such things as his right. Like breeds like. Carelessness is catching; questionable practices are contagious. This is the record of many a failure in retail stores, manufacturing plants, and every other form of business. There must be a system rigidly followed before the whole plant, be it large or small, will operate to its maximum efficiency.

14—Wasted Time

Every retailer, or other business man, wants his employees to do all that they can during the hours

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of work. He may not want to overwork them, but he does not want them to loaf.

Arrangement of Department

To this end departments must be so arranged that the employees spend the least possible time uselessly going from one to the other. System must be employed which will expedite every transaction. The duplicating sales book must be used, so that the goods can be collected without constant reference to the counter order book. This newer and better method allows an employee to accomplish much more without doing any more work, eliminates errors, checks carelessness, and stops the necessity of relying on memory.

15—Unnecessary Labor

This loss is a little different from the "Wasted Time" loss. It means overworking the employees because of a bad system.

Every good business man with the elements of progress and growth in him is on the lookout all the time for new methods of cutting down labor without injuring efficiency.

A store keeper in Indiana had a fine new building, but was dissatisfied with the amount of labor required to handle the office work. One day when conversing with one of our experts on store arrangements, he explained his difficulty. The expert looked around the store a little, and then said "Why don't you connect that balcony with the office by a simple

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carrier system?" The result was a 25 per cent. reduction of labor in the office after the change was made.

A Big Saving

Frederick Taylor in his book relates how he greatly decreased the amount of labor in a saw and planing mill by moving the planing machine right next to the saw. This eliminated putting the boards on a truck, wheeling them to the other part of the building and there running them through the planer. Under the new arrangement the board, the saw and the planer were all on the same platform, so that the board slid from the saw into the planer without lifting or delay of any kind. Every merchant should analyze his sales with sufficient exactness to know how many individual customers are buying in each department so that he can bring together the departments which will save clerks unnecessary labor.

16—Incidental Losses

Some big retail stores furnish their wagon drivers with "Incidental Books" with which to keep record of payment of tolls on bridges and roads, feeding their horses, mending a harness, and other necessary incidentals.

Unless a check of this kind is kept the driver can abuse the privilege. This may be a small loss, but it is a loss just the same, and should be stopped.

17—Loss from Cut-Prices

A great many people wonder why the big stores and little stores are constantly holding sales, offering

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goods at such low prices. Of course, the first and most important reason is that the store wishes to draw trade. To offer an article of known value at considerably less than it is sold for anywhere else is a "Pulling" advertisement for the store. People get the impression that everything sold at that store is correspondingly low in price, and the store gets a great deal of patronage on that account. Often these special sale articles are regular stock bought purposely to sell at a reduced price. They may be sold at a loss, yet that loss prove a very profitable advertising expenditure.

Nevertheless, if the regular price is cut, there is a corresponding LOSS of profits. The Reduction may be charged to Advertising, yet it is a LOSS of Profits on those particular goods, just the same.

18—Stock Depreciation

On the other hand, there are articles which have depreciated in value and which the store feels the necessity of working off in some way, either at cost or less than cost. These articles may be mixed in with the regular stock or may be converted into effective advertising leaders. The reductions again help to bring more customers to the store. Although the articles themselves are sold without profit, the customers see a great many other things that they want and their total purchases usually result in a very good profit. Yet stock depreciation must always be watched—good goods are always better sellers than spoiled goods, even though they are sold at a loss for advertising purposes.

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Among the articles which rapidly depreciate in value are fruits and vegetables. These must be watched very carefully. If a new supply is poured on top of the old in the bottom of the bin or barrel or container, a spoilage of goods will result. The loss may be slight, but it can quickly turn into a very heavy loss.

Change of Styles Is Depreciation

In a department store the styles in all kinds of wearing apparel change so rapidly that it is a serious loss. A store starts the advanced season by offering goods at full prices to those customers who like to be the first with the new style. A little later it offers a small reduction in order to move the goods faster. If it anticipates a dull season, the proprietor then makes very sensational reductions and sells at a loss. It may be that he has bought too heavily of the lines which he thought would have a big run, but which did not catch on. Again the season may be dull or there may have been overproduction. Every merchant must keep posted on the market or he may have to cut the prices and lose the profit on otherwise staple goods.

The Safeguard

To safeguard yourself against depreciation of stock it is necessary to keep an accurate tab on your stock—how much you have purchased, how much you have actually sold and how much you actually have left. Unless you know the latter without delay you will be in danger of a serious loss.

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19—Imperfect Goods

The loss through imperfect goods is very great. It is a double loss.

First, if you do not have a good checker who goes over all goods received and sees that they are in perfect condition, then you will have to sell imperfect goods at a reduction, which will cut down your profits. See "Blind Tally" on page 73.

Second, if a merchant buys imperfect goods with the idea of selling them as perfect, or selling them at a bargain, allowing the customer to hope they are perfect but still suspicious that something will be found wrong with them, then it is a serious loss of confidence in the store practicing such methods, unless the store has advertised such goods as a "rummage" or other similar sale of defective goods.

Selling anything on a misunderstanding is bad business, drives away customers, retards the growth and degrades the merchant in the public esteem.

Advantage of Checking

An accurate system of checking goods received is very valuable if for no other reason than that it forces the jobbers to realize that the merchant knows his business, that they cannot pass off imperfect goods on him, and that his claims for allowances are just, because they are based on accurate knowledge, and not on guesswork or bluff.

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20—Unwise Buying

This is a loss dependent upon the individual buyer or merchant. The best means of correcting his bad judgment is an accurate written knowledge of his business. If he knows what goods have been sold and what are still in stock by a tabulated record made possible by the duplicate sales slip, then he at least will not be apt to make the same mistake twice. If he under-buys or over-buys, the record will show him the mistake; he will not be still thinking that he is right when in reality he has made a bad decision.

21—Over-Stocking

The manager of the sales department for one of the big Chicago packers in a certain city, tells the story that the worst "call down" he ever got, and the nearest he ever came to being dishonorably discharged, was when he sold a moderately sized butcher three carloads of meat in one order.

A new salesman went on the road for a molasses house. The first grocer he struck was persuaded to buy seven barrels of molasses. It happened that this dealer could sell about one barrel a year. The salesman was so elated over the order that he wired his house about his good luck. It took him a long time to understand why his house considered him such a poor salesman.

Hard to Resist "Great Bargains"

Many a merchant has gone into bankruptcy because he could not resist the temptation to buy "*great bargains*" which salesmen offered.

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By advertising, a firm can increase the consumption of goods to a certain extent, yet if the store has kept a record of the exact amount of each kind of goods which it has sold during each season, it will not go far wrong in overbuying.

22—Indifferent Employees

Earlier in this chapter, is a reference to clerk's errors. Indifference is at the bottom of most errors. "If the heart is not in the work, the mind is dull."

Taylor, Emerson, Barth, and all the other efficiency experts have started the ball rolling which is teaching the business world that the only way to make an employee put his heart into his work is to appeal to his "self-interest." If the clerk or employee cannot clearly see that it is to his own interest to be loyal and enthusiastic, he will not be so.

23—Intentional Breakage and Spoilage

Some employers are occasionally so ugly to their help, and employees so vindictive toward their "Boss," that they sometimes deliberately "let" breakables drop, or allow delicate fabrics and substances to be soiled and ruined. Such a loss represents such strained relations between "Boss" and "Help" that profits are out of the question. The situation must be met squarely and overcome—even to the discharge of the whole force. Then the addition of compassion, patience and consideration of employees and their rights.

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The Employee's Attitude

The first question from the employee's standpoint is, "If I do more work, will you pay more money?" The usual retort of the employer is, "When you do more, I may pay you more." Whereupon the employee says, "I won't trust you."

There is a wide movement over the country to make a scientific study of the elements which have made employees indifferent, disloyal, and "loafers on the job." This study is bearing fruit in the constantly increasing number of employees who desire to work on a "proportion of sales" system.

Some Labor Advocates' Argument

The Labor advocates show their opposition to the system by calling it piece work. They say that it is an effort to "speed up" the worker. The worker who is fool enough to trust his employer, so the Labor advocate says, will soon show that he can do more than he is now doing without hurting himself; thereupon, so the argument goes, the employer will require him to do more, without paying him more.

Undoubtedly some employers will treat their employees that way. Also undoubtedly some employees ought to be treated that way. However, the majority of employers are both too wise and too just to deal with employees in any but a fair way.

Commissions as Wages

The proportion of sales, or commission basis of paying wages, in some form, seems to be the one that appeals most to the employee. The only ones who

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do not want it are those who know that they will receive less pay than others because they are less successful.

Bonus System in Salaries

The bonus system is successful with some. In small stores the incorporation and admission as minor stockholders often puts new heart and new efficiency into the employee. Some stores keep the amount of sales of each clerk, and raise or reduce the salary accordingly.

Every store must work out its own method. Certainly a vast improvement in the efficiency of employees can be made by any system which will make the employee feel that the business is partly his own, and that he has a personal interest in its success.

24—Lack of Originality

Originality is a powerful factor in the business world. It is often called initiative. This faculty shows itself constantly in athletic sports, in football, baseball. It is the man who can think instantly to meet new conditions who lands on top.

This is even more applicable to business. Modern business is a "Running fight." The man who can make a quick decision, meet all conditions of competition and show more originality and initiative than his competitor, has won half the battle.

There are numerous ways of cultivating originality. By the way, do not think that originality is al-

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ways original; the original man is nearly always the Well Posted man. Two of the ways of cultivating originality are to talk to travelling salesmen and to visit other stores.

25—The Unapproachable Merchant

Some merchants resist "Drummers," and try to keep them on the "other side of the fence." If the merchant would be friendly with salesmen and get them to describe the best stores and the brightest merchants on whom they call, they would be a continual source of valuable information to him.

In the second place, it is every merchant's duty to himself and to his business to visit other similar localities and see how other men have made their stores a success.

A vacation spent in travelling of this kind will rest you more, do you more good, and be very much more valuable to you than a fishing or hunting trip, or loafing in the mountains or around the seashore.

26—Changed Local Conditions

Heavy losses often come from changed local conditions. The "Shopping District" moves: a new class of people moves into the section; good customers move away; the store becomes old in comparison and expensive to operate. Such a situation is hard to meet. If it had been anticipated and a plan worked out in advance to overcome it, it would not have become so critical. Read chapter on "Planner vs. Plugger" and think over your own case now.

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27—New Competitor

How many retailers have "lain awake nights" thinking about the new store about to open in their locality! Sometimes it is competition in another form—a new interurban trolley line opens. Your customers go whizzing past to the big stores in the bigger city. On the other hand, the "mail order habit" may get a foothold in your neighborhood. You notice the accounts of old good customers gradually growing smaller.

The answer is: Don't wait till it hits you. Make such a hot fight all the time that the new store stays out of your neighborhood, the trolley cannot pull much of your trade away, and you beat the mail order houses at their own game. The dealer who stops being AGGRESSIVE ALL THE TIME merely invites competition in a thousand and one forms. When competition "gets" you then you need no explanation to understand what your LOSSES will be from that source.

28—Unclean Losses

The magazines are educating the public in methods of cleanliness. They are urging clean yards, tidy fences, painted houses, wholesome cellars; they are teaching the public the meaning of clean milk, pure water, pure foods. They are teaching the public what unhygienic conditions represent. The whole nation has been so filled with object lessons of this kind that it is simply suicidal nowadays for a store to be in an unclean and unsanitary condition.

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The Unclean Salesman

A salesman who is unclean is handicapped. He cannot succeed as will other salesmen of equal faculties who are clean and neat.

Cleanliness inspires carefulness, cleanliness engenders uprightness; cleanliness cultivates morality. Any business man who wants to stop questionable methods, unnecessary errors, disloyalty, and all the other things which eat up profits, should begin with the scrub brush.

29—Poor Collections

Something new can be said on this subject. For ages people have been writing about slow collections, yet in recent years a new idea has taken hold. Formerly it was thought to be unwise to press a customer too much on paying a bill. Nowadays so many merchants have established their own individual policies and have strictly enforced them that the public expects to find stores having original and independent methods.

The First Essential

The first essential of good collections is constant attention. If the merchant allows a bill to run with little attention, it is a logical deduction by the customer that he too need not pay much attention to the bill. Inattention to bills on the part of a merchant is usually due to a poor system.

The Systemat Accounting System holds up each

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account so that it stares the merchant in the face. The same account in a ledger would only be seen once a month, and possibly then only by the bookkeeper, and not by the merchant himself at all.

If every day, or several times a day, he had somebody who would take the slip showing the amount due from a delinquent, and hold it up in front of him and remind him that he ought to collect it, it would very soon have the desired effect. He would not only try to get the money, but he would also be very careful not to let other shaky accounts grow so large, or hang on so long.

30—Bank Losses (Duplicate Deposit Slips)

How many times do you suppose it happens, particularly in a small town, that a merchant takes his money to a bank, has the receiving teller count it, and then write in the book the total amount? What if on the way to the Bank he should lose some of the cash? He cannot tell for sure whether it was lost. But, if before he left his place of business he wrote out a duplicate deposit slip showing the number of checks and the names of each, the cash of the various denominations, and the total, leaving the duplicate in his safe, and sending the original with the deposit, there could be no question then. Many banks now furnish such duplicate deposit books, and it would be better if all banks did so.

Money is lost, there are mistakes in deposits, misunderstandings and losses. Accuracy is the only

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safety. A written record of each transaction is a fundamental of modern business.

31—C. O. D. Complications

In a large store, a "C. O. D." is the most complicated sale that can be made. It is a cash sale without any money. It is a credit sale without any credit. In the olden times (not so long ago, either) it was not an unusual occurrence to hear of a head of a department who had gotten wealthy at the expense of his employer by making out faulty credits for returned "C. O. D." goods. In the best stores, a "C. O. D." sale is treated as a charge sale but not on the regular charge book. It is charged to the delivery department. It is in reality sold to the delivery department on credit. The delivery department resells it to the driver on credit. The driver delivers the goods, collects the money, pays the delivery department, that department pays the cashier who holds the original slip on the "C. O. D." spindle.

Written Record Necessary

It is easy to see how a system as complicated as the above must have a written record which can be held, which will follow the goods wherever they are and which will automatically come back to their origin in good condition, or the record come back with the money. Any other system cannot be depended on. This is why some of the best organized stores use a "C. O. D." triplicating sales book so that there will be a voucher slip for the cashier, a record for the customer, a record copy in the clerk's

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book and a record to follow the goods through delivery department and driver. As an extra precaution most shipping departments register in a permanent book each "C. O. D." package before it is turned over to the delivery man.

Without this careful handling, which puts a tracing record on each individual who touches the transaction, there are bound to be slips, leaks and losses which by themselves may seem small, but in their totality come out of the profits that rightfully belong to the merchant and eat a big hole in the net earnings.

32—Exchanges

The modern policy of merchandizing which *guarantees satisfaction to the purchaser* has developed many defects and sources of loss.

In the smaller stores, and all stores which do not handle exchanges as described in the chapter on "Big Store Methods," the percentage of loss through exchanges is large. For example, the clerk can work in collusion with the head of the department, or any other person in authority, and have a credit issued, for goods supposed to be brought back; or, the clerk can work in collusion with the customer, and tell the proprietor or head clerk that the supposed customer is entitled to a credit, whereupon the proprietor will O. K. the credit on which new goods are given out.

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Faking an "Exchange"

Still another way under the old inaccurate system was for the head of the department to bring in a used piece of wrapping paper secretly, take goods out of stock and wrap them up; then with the package in hand, in connection with the mussed-up wrapping paper, string, etc., he would pass the goods back into the department as "exchange" and get a credit memo for their worth.

To Stop Such Losses

The most used method of stopping such losses is to give a sales slip with every purchase, and require the return of the original slip with the goods to be exchanged.

33—Refunds

Refunds are more liable to produce losses than are exchanges or approvals. Customers and clerks are less liable to attempt fraud in order to obtain goods than to obtain money. The practice of refunding is "A necessary evil" which goes with the modern policy of Guaranteed Satisfaction.

Naturally, when goods are returned and a refund is made out, the original copy of the refund check goes to the customer. The customer in the large stores usually takes this check to the cashier and gets the money. Unless the cashier waits for the carbon copy of the same slip to come to her before paying out the actual cash, there might be some dishonest customer who would raise the original check with a lead pencil from $1.00 to $11.00; from 50c to

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$20.50, etc. A further explanation of the successful ways of preventing serious loss from the abuse of the refund privilege will be found in the chapter on "Big Store Methods."

The "Non-Changeable" Record

The fundamental principle and the only reliable one to follow is to use a duplicate refund book with a two-side carbon so that when the refund is written out the amount is "in reverse" on the back side of the original slip. Very few will think to look on the back side of the slip. If they make any change on the front, the refund cashier or anybody who pays out the money on refunds, will instantly detect it by looking at the back of the check. This is the simple device which has worked to the best advantage whether the store is large or small, whether it is a manufacturing plant, jobber, or any other kind of business which must refund money.

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CHAPTER III

BIG STORE METHODS

Big stores are the result of organization, made possible by the concentration of capital.

Such organization would not be effective, or possible, without the modern systems, which permit all the operations to be directed from one head.

The object of this chapter is to so describe and explain and illuminate these modern systems that the whole business world will more clearly understand them. When they are understood, the principle on which they are operated can be used more successfully by all.

Thirty Stores in One

If a merchant who has a small store thinks that he has difficult problems, what would he think if he had thirty stores, with thirty heads like himself, and thirty delivery systems, and thirty bookkeeping departments, and thirty sets of employees, and thirty sets of charge customers, and thirty sets of cranky cash customers, and thirty sets of kickers, and thirty different styles of shoplifters and deadbeats—all to look after, all to whip into shape, and show the stockholders a profit?

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Big Store Difficulties

Carefully analyzed, the big store has its disadvantages, as well as its advantages. In reality, the modern big store is twenty, or thirty, or forty stores combined. Some people might think that with the combination of so many stores, the problems of each would be lessened. The contrary is true. The problems are multiplied in an increasing ratio.

The small store, by itself, is free to act independently. But each department in a big store must act in unison with all the other departments. It is hedged about by the customs, policies and traditions of the whole store. Its space is fixed, its methods of doing business are fixed, its style of advertising is fixed.

Each department in a big store has to pay its proportion of light, heat, rent, clerk hire, delivery, bookkeeping and advertising, and has to pay its percentage of big salaries to big men.

Then in addition, if a department makes a big success, it does not keep the profits itself. It turns them into the main office. The directors dispose of the profits as they think best, either turning them over to the stockholders, in dividends, or using them to bolster up weaker departments.

Another important thing may handicap a department in a big store. The head of the department may find something exceptionally good to buy. If

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he were in business for himself, he might buy it and make a big "killing," but his purchasing order must be countersigned by the head purchasing agent, usually called "the Merchandise Man." His superior knows that several other departments are overstocked, and therefore he holds this department down.

The Eight Sub-divisions

The modern big store is a marvel of organization. Its operation can be subdivided into eight parts:

1. *The buying of goods which are to be sold.*
2. *The buying of supplies for own use.*
3. *The receiving and distributing of such goods and supplies to various departments.*
4. *The actual selling of the goods. This includes not only the work of the sales people, but of the decorating department and advertising department.*
5. *The delivery of goods to the customers.*
6. *The collection and handling of moneys.*
7. *The management of employees.*
8. *The detection and correction of the causes of losses.*

If the reader will bear these eight subdivisions clearly in mind, he will be able to realize the importance of what may otherwise seem like "red tape" in the following explanation of the origin and reasons for the use of modern big store methods.

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Accurate Records Necessary

The basis of all successful organizations is accurate records. The many different kinds of record books used in a department store are a matter of general interest to the whole business world.

In order to make the whole subject clearly understood, we will begin at the very beginning. We will suppose that the store building is completed, that the show cases and counters, carrier system, tubes, etc., are all installed.

Staff of Buyers

The first employees secured by the proprietor or directors is a staff of buyers, together with bookkeepers. Now, a buyer cannot buy a stock of any kind without a buyer's order book. Here comes the first problem. Each of these buyers may be an expert in his line, but who will pass upon their combined purchases? Who will balance and be responsible for all of the different purchases of all of the different buyers, so that the store, as a whole, will be run as a unified, harmonious institution, and not as an amalgamation of separate units? This immediately brings forth the need of a chief Merchandise Manager.

The Merchandise Manager

Naturally an old hand in the business would select a merchandise manager first. This manager, in turn, would select his buyers, with the approval of the proprietor or directors. He is sometimes supplied with formal purchasing orders, which represent the house.

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Purchasing Orders

These purchasing orders soon become familiar in the channels of trade frequented by the house. In modern business, many big firms adopt a form purchase order, which becomes familiar to the houses selling to it. Consequently, any irregularities of buying can be quickly detected by the one who sells. In some modern businesses they have a purchasing committee, instead of a single individual, to pass upon the weighty questions of buying.

Buyer's Manifold Order Forms

Each buyer has a manifold order book, in which he makes out the order for the goods which he desires. Each order, if above a certain amount of money, which varies in different stores—must go to the Merchandising Manager or Purchasing Committee, for approval. It is the usual custom for the buyer in a department to take his orders in person to the Merchandising Manager, so that he can answer questions in regard to his stock and the advisability of making each purchase. If the Merchandising Manager approves the order by signing it, then the buyer takes it back to his own department, and either gives it to the travelling salesman, or mails it to the house from whom he is buying.

Usually there are three copies of each order. The original copy goes to the seller. The first carbon copy remains in the order book, which is kept in the respective department. The second carbon copy goes to the accounting department, which properly enters it and then passes it on to the receiving department, unless the "Blind Tally" is used.

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Petty Purchase Book

For small purchases, in some stores the head of each department is allowed to use a Petty Purchase Book without approval. In other stores even these incidental purchases have to be approved by the Merchandise Manager or Committee.

"Blind Tally" Receiving System

There are two ways of receiving goods on a "blind tally." One is to furnish the receiving clerk with a duplicate of the order, minus quantities and prices. When he has filled in the quantities received, his order is then compared, in another department, to the original order. The other way is to have him make, on blank record forms, a complete, itemized record of all goods which he receives. This record is then compared, in another Department, with the original order. The principle in both is the same, namely, to make it necessary for the receiving clerk to actually examine all goods received.

The "blind tally" principle prevents carelessness, collusion, dishonesty and price leaks. When inaugurated it very frequently shows at once where some of the profits are going.

"Special Order" Receipt Book

Since most goods come by freight, if any arrive by express, it is natural to suppose that it is a special order or part of an order. Hence it is receipted by some stores in a special book kept for that purpose.

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Short Ticket Book

Some receiving dep'ts do not check the contents of cases, boxes, etc. They merely receive them, and make a careful record of the bulk goods, cases, boxes, or containers. Some receiving departments have what they call a "Short Ticket Book." This is a duplicating book, in which is recorded all shortages, broken cases, damaged goods, etc.

Most stock rooms are divided into two parts: *active stock* and *reserve stock.* The reserve stock department has a set of receiving books corresponding to each department in the store. This is especially true of stores which fill many mail orders out of reserve stock.

From the receiving department the goods go to the stock room, followed by the invoice. In the stock room the goods are checked over in turn and signed on the stock book, and a memo. made of the quantity in a book called the "Stock Room Book."

The Stock Room Book

Naturally, when any goods are taken from the stock room, the quantity, date, description, etc., must be entered in the "Stock Room Book," so that at any time the head of the stock room can make a report on the quantity of goods, the kind he has in stock, and how long he has had them.

Before goods can be sold, they must be taken out of the stock room and put in the regular departments. Also before they can be sold they must be

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marked properly. Hence there are "Markers' Instruction Books."

Markers' Instruction Books

These are for markers, telling them just how to put tickets on the various goods in the stock room.

The uninitiated might think that, with so much complication, it would be like "hunting for a needle in a hay mound" to get anything out of the stock room. Not so.

Requisition Books

When a department wants goods out of the stock room, it makes out a requisition in triplicate, sends one copy to the stock room, one copy to the office, and keeps the third copy itself. The head of the department signs this requisition. Every store has its own style. Some one is designated to receipt for the goods when they come from the stock room to the counter or department.

The Fixed Principle

A moment's thought will make it plain that there are fixed underlying principles back of all these manifold order forms.

That principle briefly is this:

Every person having any part in a transaction must have a written record of that transaction. For example: If any controversy comes up between two departments, each department must be able to protect itself, and must have a clear record of its part

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in the transaction, so that the responsibility can be fixed. When the head of a department orders goods from the stock room, he keeps a carbon copy of what he ordered and when he ordered it, so that he has a clear record of his part. The head of the stock room signs a receipt for the order when it reaches him, so that the head of the department can not only prove that he made out the order, but can prove that the stock department received it.

Now when the stock room sends the goods to the department, it makes out a duplicate record, and sends it with the goods. The receiving clerk in the department signs for their receipt. Thus, if any controversy comes up about this transaction, the head of the stock room has a receipt for the goods, showing just how many he sent, and when he sent them. Hence, there can be no controversy between the different departments, in which the responsibility cannot be fixed. If a third party has anything to do with these goods, the record must be receipted by him, so that his responsibility in the transaction can be fixed.

Eliminating the Losses

When this principle of modern business is clearly understood by every business man, little or big, it will mean the elimination of ninety per cent. of the losses arising from controversies. Such records are absolutely necessary in a big organization of any kind.

Now that we have gotten the goods into the departments and on the counters ready for sale, let us

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make it plain what kind of records must be kept in each department.

Sales-Check Books

When you make a purchase in a big store, and the clerk writes the items in a sales-check book, it may not occur to you that the book he uses indicates at once the character of the transaction. You do not "see the machinery, nor hear the creak of the wheels."

The clerk makes out the check, you pay the money, the goods are sent, or you take them with you, and the transaction is completed. That is all you see. But back and before all of this, the merchant must decide whether to use a "One Book," a "Two Book," or "Three Book" Sales-Check System.

The One Book System

The "One Book" System comprises a single sales book, so planned that it can be used for *Cash, C. O. D.* and *Charge* sales. Many merchants favor this system, because they think that it expedites the clerical work of the sales person, since she has only one book to handle, and only one book to find when in a rush. Furthermore, this one book is a distinct advantage when the customer changes her mind, as to how she will pay for the goods, as she often does, after the check is made out. It obviates "voiding" a check and rewriting it in another book.

The Two Book System

Some merchants, however, prefer to have one book for *Cash* sales and another book for *Charge* sales

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and *C. O. D.* sales combined. They treat *C. O. D.* sales as a *charge,* because the money is not paid down at the time. Thus *C. O. D.* goods are *charged* until the cash is brought back by the delivery department.

A variation of the "Two Book System" is favored by some stores; namely, they have one book for *cash and charge* sales and a separate book for *C. O. D.* sales. The reason why so many merchants favor the use of this variation, is that the store collects the money in a cash or charge transaction, while the driver collects the money on a C. O. D. transaction. Since it is the money question which is always the most important in every business transaction, many hold that there should be this dividing line in sales books.

The Three Book System

The "Three Book" System comprises three separate books—a Cash sales book, a Charge sales book, and a C. O. D. sales book.

If so many of these big store problems had not already been gradually worked out by a multitude of brilliant minds, all these questions would simply bewilder. The big stores are a growth, a gradual evolution. They have not arisen, Phœnix-like, all at once.

Triplicate Sales-Check Books

The question of lost sales checks is very exasperating, and greatly interferes with the routine of the

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auditing department. If a charge check is lost, there is no entry made of the sale in the bookkeeping department. The sales person or wrapper or delivery clerk is perhaps placed under suspicion, and the customer is liable to be decidedly disgruntled. All of these things are known to the merchant. That is why he spends his money so freely in trying to obviate this trouble, which means serious loss. Nevertheless, the ordinary checks are sometimes lost or destroyed.

Many department store managers have realized that there is one good solution to this problem, namely, the use of a triplicate sales book, adaptable to the one, two or three book system referred to above.

Main Advantages of Triplicate

The main advantage of the *triplicate* book over a duplicate book is that a carbon copy is retained in the sales book, thereby always showing a complete record of the sale. Some stores have adopted this method, but many more have in the past hesitated on account of the cumbersome mechanical features of a book of this kind and the necessity of the clerks handling carbon paper, which soiled their hands and very often was the means of soiling delicate fabrics. Besides that, in the old-style triplicate books, the tissue paper for the third copy would frequently interfere with the writing of the next check.

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New Kind of Triplicate Books

However, a new kind of triplicate sales book has recently been invented, and is rapidly being adopted by the big stores.

In this new triplicate sales book, the carbon paper is never touched by the sales person. The working of the book is almost automatic. The tissue copy is stored out of sight and protected from loss or mutilation. The book is simple to manipulate, and is very popular with sales people.

Other Advantages

Other advantages of a triplicate sales book are: First: The tissue copy is a complete record of the transaction, and is left bound in the book.

Second: The tissue copy takes the writing on its back, but, being transparent, the writing can be easily read from the front. Since the writing is in reverse on the back of the tissue, it cannot be changed or erased.

Third: The tissue copy, being left in the book or pad, is more rapidly accessible and saves much time in tracing errors.

Fourth: There is safety and satisfaction to the management in knowing that, no matter what the emergency, they still have a complete record of the transaction.

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Indeed, there are many other arguments in favor of the triplicate sales book, which space prevents stating here. It is safe to say that the use of Triplicate Sales Books will rapidly extend until they are almost universally adopted.

After you have settled on what form of Sales Checks you are going to use, you are immediately confronted with the question:

"Are the goods to be sent, or are they to be taken by the customer?"

Send or Take

In one big store in Chicago, which makes approximately fifty thousand sales per day, about 40 per cent. of the goods are delivered. Each delivery would average about two or three items to each customer making from seven thousand to ten thousand deliveries every day. Hence, you will see how important is the question of addressing those packages. Indeed, it is said a delivery department can make or break a big store. This means that it can keep the store from making the profit which it should make.

Address Books

There are three methods of addressing packages. *The first method* is for the clerk who makes the sale to write the name and address of the customer on the sales slip. When the sales slip reaches the delivery department, a writer copies from it the name and address of the customer on to a gummed label, or on to the package itself.

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The second method is to use a voucher from the sales slip. The clerk, when making the sale, writes the name and address of the purchaser in the voucher. This voucher is torn off at the counter where the sale is made and attached to the goods when sent to the delivery department, and there pasted on the packages, or, in some cases, pasted on the package by the wrapper in the department in which the goods are sold.

The third method is to have a separate address and label book. This address label is written by the clerk, who makes the sale and sends the original and the duplicate address label to the delivery department with the regular sales slip.

Local Notions

There are almost as many different notions in regard to address books as there are stores. Certain sections of the country have their own notions. Chicago will not use the same address book as Boston; New York has a hobby of its own; Philadelphia exerts its right to make use of its own form of address book. All of the stores, and all of the sections are aiming at one thing, namely, to simplify and make more accurate and reliable the delivery of goods.

Like almost everything else in the world, the system in which an individual believes most sincerely is usually the system that he can make work best in his establishment.

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Aimless Buying

But if you were just starting a store, and knew little about it, you would here strike an unexpected complication. A woman will go into a store and buy a package of pins, and have them sent. She thinks that is all she wants. But in passing through the furniture department, she sees a chair, and buys that, and has it sent. Then she remembers that she needs some hosiery, and has a box sent. On the way out she sees some lace which strikes her fancy, buys that, and has it sent. Imagine the delivery department! When the pins arrive they put them on a delivery wagon ready to send. That wagon may already have a load, and start out. In a little while down comes the chair for the same address. It goes on another wagon. Then comes the hosiery, and that box goes on a third wagon. Last comes the lace. It is shoved out on a fourth wagon.

Assembling Goods For Delivery

Such a method of delivery would be suicidal to the reputation and profits of any store. There must be some method of automatically assembling all of the goods purchased by one person at one time; some system that will bring them all together, so that the delivery department will know when it has received the last of the items purchased by one customer.

Transfer Systems

This necessity has been the mother of "Transfer Systems," just as every "necessity is the mother of invention." But transfer systems are not an A B C problem.

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Four Kinds of Transfer Books

There are four kinds of transfer books in use.

1. *The first kind* is a single card—non-duplicating, consecutively numbered, and usually made of heavy Manila. The clerk writes the number of her department, her own number, and the amount of the sale on the card, and on her sales slip writes the transfer number, and hands the transfer card back to the customer, then sends her sales slip with the goods to the delivery department in the usual way.

2. *The second kind* is a single card, consecutively numbered, but having several numbered, gummed stickers attached to it. These gummed stickers all bear the number of the card. When a clerk makes a sale, she tears off one of these gummed stickers, puts it on her sales slip, and sends it to the delivery department in the usual way.

3. *The third kind* of transfer book is a heavy card, containing ten or twelve *non-duplicating* sales slips. Each slip has several blank spaces for number of department, amount of sale, clerk's number, etc., all to be filled in by each clerk who makes a sale. She tears off the transfer slip and sends it to the delivery department with her own sales check. She also enters on the transfer card the various essentials. The clerk who makes the last sales, totals up all the items on the transfer card, and sends it, with her own transfer slip and sales check, to the delivery department.

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4. *The fourth kind* is a transfer book containing ten to fifteen separate duplicating sales checks. The customer carries this book from department to department. This book takes the place of the regular sales check. These transfer checks are so marked that they are quickly identified as belonging together, and can be automatically assembled in the delivery department.

In many of the above methods of handling transfers of *cash sales,* transfer desks can be stationed at convenient places about the store. The clerk sends the customer to such a desk to pay for all her purchases, on both "Send" and "Take" transfers.

Three Uses of Transfer Cards

In addition to the above, there are three different uses for transfer cards.

Mail Orders

1. If the house does a mail-order business, mail-order shoppers are employed to go from counter to counter (provided the house does not keep a reserve stock from which all mail orders are filled), and select such articles as may be ordered. For this purpose, a special mail-order card or transfer book is used, the transaction being consummated in the same way as a regular customer would pay for her purchases, excepting as to the final accounting and payment of the purchases. This is handled by accounting direct to the general office.

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Take or Send Transfer Cards

2. When the customer asks for a transfer card, the one who gives it out asks: "Will you TAKE the goods with you, or do you want them SENT?" If the customer says that she will take the goods, then she is given a "Will Take" transfer card. If she says that she wants them sent, then she will be given a "Send" transfer card, no matter whether she is a charge customer, a cash customer, or a C. O. D. customer.

Employees' Purchases

3. The modern big store is so big that the purchases of its employees are a large consideration, consequently, some stores have an "Employees' Transfer Purchase Book," for the exclusive use of the employees who desire to make their own purchases where they are employed. The goods are sent to the regular delivery department and there assembled for delivery in the regular way.

Delivery Systems

Behind the scenes in a big store it looks and sounds like "Bedlam let loose." The hustle, the noise and whirr are bewildering to the novice. Imagine, if you can, 20,000 packages, 50,000 different articles of merchandise of every conceivable size, shape and nature, all pouring down through chutes, like a Niagara, into one place. Ten packages to one customer, six to another, and three to another. A paper of pins, a can of lard, a new bonnet, and a piece of lace. Each customer must get all of her

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packages promptly, none missing or late, else the store will receive a complaint. Yet order comes out of chaos, every minute and every hour of every day. Of course, it requires capital and brains and organization to perfect a system which will handle without friction and with a minimum of complaints, such a deluge of deliveries.

Cost of Delivery

Let us digress just for a moment, and see what is the cost of such a delivery department.

In a recent hearing, held at the offices of the Merchants' Association of New York City, by the Interstate Commerce Commission, there were brought out certain very interesting figures, said to be the cost of delivering packages by a big city store. The figures were supplied by one store, and it is reasonable to suppose that this is a fair sample of the cost to other big stores. All of the towns mentioned are within the delivery district of Greater New York. The figures are as follows:

New York Deliveries

In Manhattan, from the Battery to 135th Street—7 4/7 cents per package. In Brooklyn, including Coney Island, Flatbush, Ridgewood and Greenpoint —9½ cents. In Jersey City, including Hoboken and Weehawken—10½ cents. In the Bronx zone, including Yonkers, Mount Vernon, New Rochelle, Tuckahoe and Mamaroneck—6¼ cents. In Portchester, including the various towns from Larchmont to Stamford and White Plains—16 1/3 cents.

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In the Hudson River district, from Hastings to Tarrytown, inclusive—11 cents. On Long Island, from Long Island City to Bayside and Queens—12¾ cents. On Staten Island, including Bayonne—11 cents. To Hackensack, N. J., including Homestead, Closter, Plainfield and Elizabeth—8 3/5 cents.

Nine Cents a Package

The average cost, then, of delivering a package from a New York store anywhere in the delivery district, is 10.55 cents per package. As there will probably be a great many more packages delivered from the Battery to 135th Street, than in any other section, it would, therefore, probably be fair to say that it costs the New York store 9 to 9½ cents for every package which it delivers.

Extra Charge for Delivery

Some stores in other towns have already started the practice of making an extra charge for delivering. The question immediately comes up as to whether they really save their customers the cost on the packages which they take with them. That, of course, cannot be determined in a general discussion. Every store would settle that itself. It is certainly sure that a great many people would carry their packages home with them, if they were asked to pay nine cents each for every package they wished to have sent.

Over $200,000.00 a Year

If a store makes eight thousand deliveries per day, and each delivery costs nine cents, you can see

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what an enormous expense the delivery department is, and how much the big store is willing to pay for the accommodation of its customers. It amounts to $720 per day, or for 310 days, $223,200 per year. Probably there are several different delivery departments in New York, Chicago, Philadelphia and Boston, which cost more than that per year to operate.

Delivery Books

If you were the General in charge of a big delivery department, you would first of all organize your army. You would, from experience, know that there are three kinds of deliveries:

1. *Goods sold for cash.*
2. *Goods sold on credit.*
3. *Goods sent C. O. D.*

You would therefore divide your forces into three armies under the heads "Cash," "Charge" and "C. O. D." Now the three lieutenants who have charge of these three divisions would organize their armies in three divisions.

"Cash" Deliveries

The "Cash" army would have to make arrangements to handle the goods which were bought on a transfer card, or just one purchase a day, or the special deliveries. That department would have to have a certain number of bins, or package holders; possibly in a big store three thousand bins. As soon as a package came down with a gummed label from

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a transfer card, or any other mark indicating that it was bought on a transfer card, it would go into an assigned or corresponding bin. Then as new articles came down on that card they would immediately be put in that bin. At last, when the card itself came down, the goods would be quickly packed and routed. For, you see, in a great city where the drivers have to call at from five thousand to nine thousand different addresses every day, the delivery routes must be made out very carefully, so as to save every possible step and minute. "The Routers" have to go through a training just the same as a United States Railway Mail clerk does, in distributing letters in different sections on a mail train, and so "route" them that they will reach their destination by the quickest possible line.

"Charge" Deliveries

The Lieutenant commanding the "Charge" army organizes it in a similar way. The difference between his army and the "Cash" army is that all of the charge checks must first go to the credit office to be stamped O. K., then sent back to the counter where the sale was made and then sent to the delivery department in the usual manner. They are then handled just the same as a cash delivery. Some stores, however, want to be so sure that they have a different book for charge deliveries.

Telephone "Credit O. K."

A new method has been devised to expedite the passing upon the credit of each customer. A telephone system connects each counter with the credit

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office. A unique device is attached to the telephone which registers whether the credit is O. K.'d or turned down. This gets an almost instant O. K. on the charge slip so that it can be sent immediately to the delivery department and not keep the clerk's attention or hold up the goods.

"C. O. D." Deliveries

The C. O. D. division of the delivery army has to be a little more responsible and a little more accurate than either of the other divisions, because it has to see that the money is collected. In other words, it actually makes the sale and brings the money home. The goods come down to it fastened together with a ticket attached on the outside, so that the items can be checked before being finally wrapped, routed and delivered. Some C. O. D. delivery heads take extra precautions by entering each C. O. D. in a register, so that there will be a permanent, non-detachable record in its hands of every C. O. D. package for which it is responsible.

Always remember that a C. O. D. sale is practically a charge sale where there is no credit, and a cash sale where there is no money taken over the counter. Hence extra precaution has to be taken with it. Either a special C. O. D. sales check is used, or if the one sales book system is in use, the sale is clearly indicated on the sales check by a C. O. D. stamp, and irrespective of the regular serial or check number an additional consecutive number is stamped on each C. O. D. sales check. This is called a register number, and the details required are en-

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tered in the C. O. D. register book together with this register number, and is further always identified by this number.

In some few instances a combination of the sales-check number, combined with the serial or book number, are used to form the register number.

Some stores have separate columns on their regular delivery sheets carried by the driver for each kind of sale, Cash, C. O. D. or Charge, while other stores keep all C. O. D. deliveries in a separate book.

After the regular or transfer sales of various kinds have gone through their proper channels, they are routed and placed in large bins to which the drivers have access from outside of the delivery department proper. The driver's sheet or route sheets are made out and given to him. When he has checked them off and found that the packages in the bin are correctly listed on his sheets, he then signs a receipt for the packages.

C. O. D. Return Books

Let us suppose that the driver did not find the purchaser at home, or that the husband had vetoed the purchase, or for any other reason the goods would not be accepted or paid for. What would the driver do? All he could do would be to bring goods back to the delivery department. He must have something to show that he did bring them back, or the charge might be brought against him that he had stolen them; consequently when he gets back to the

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delivery department a shipping clerk who is designated to do that particular thing, gives him a receipt from a "C. O. D. Return Book." A duplicate of that receipt remains in the book. This clears the driver and gives him a clean record of work completed.

Driver's Books

Here comes in an important question. If a package is lost, and you wanted to trace it, there must be an unbroken record so that you will be able to trace it quickly step by step. The question is, "How do you know that the delivery department did turn the package over to the driver?" The answer is that there is a "Driver's Book" in which the name and address of every delivery along his route is entered. He receipts each sheet from the book when he gets it, which means that he assumes responsibility for the packages listed therein. The delivery department keeps a carbon copy of each sheet given the driver.

As the driver's helper delivers each package to each customer, the driver checks off that package on his sheet. This is one point where a receipt is not demanded, unless the goods are very valuable. For expensive jewelry, or fine furs, or any other kind of goods which are costly, the driver would demand a customer's receipt in order to protect himself and the firm. Ordinarily, however, the driver would merely leave the package, make the check on his sheet, and go on with the rest of his deliveries.

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Proving Deliveries

If a complaint were made in the store the following day that the package was not received, the driver on that route would be called on to explain. His route sheet would be brought out, and he would show where in his customary way he had checked that package after delivering it. He would call upon his helper to describe the person to whom it was delivered, or he would describe the person if he had made the delivery himself. Then the description would be given to the customer together with the exact time of delivery and other circumstantial evidence. If the customer still insisted that she had not received the goods, the store would probably replace them and put the store detective on a still hunt to find out where the goods had gone.

Driver's Credit Book

What if the charge customer, as is continually the case, does not want to keep the goods ordered? Or, possibly she had ordered several different styles of garments in order to select from them at home, intending to return all except the one desired. She telephones or writes to the store to call for the goods.

The driver comes. The woman is suspicious, also wise in the ways of a big city. She says, "Please give me a receipt for these packages." What will the driver do? Why, he has a book for that very purpose called the "Driver's Credit Book." He writes out a receipt for the one, two, or three packages, and itemizes the goods received because the

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woman demands it, or because those are his instructions. He tears out the original and gives it to her, and keeps the duplicate in the book.

A return "Cash Sale" would be handled in a similar way.

Driver's Call Book

How would the driver know where to go, and what to ask for? The delivery department would write the instructions in his call book. Some stores combine the driver's credit book and the driver's call book, and argue in favor of the combination. There are also substantial arguments for the separate book. If there is a combination book, the driver tears out a voucher and gives it to the customer when he receives the goods.

Correct Address Book

When a driver goes to an address to deliver goods to a customer and finds that the customer has moved, if he is a good man he tries to find out the new address and if it is in the near locality, he verifies it. Possibly he knows the customer and knows that he is right in leaving the package at the new address. He reports back to the store a change of address, using for this purpose a book called the "Correct Address Book." Some stores call it a "Change of Address Book."

Driver's Toll or Incidental Book

If the driver's wagon was run into by a street car, or an automobile, or a truck, or his horse lost a

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shoe, or his delivery automobile punctured a tire, and had to be repaired before he could finish his delivering, or he had to spend money for any other legitimate purpose, such as tolls on a bridge, etc., would he pay it himself and trust to luck that he could get the money back from the delivery department? Yes, he would, but he would have the person receiving the money (excepting the matter of tolls, which the delivery department would know he would have to pay out, and would give him the money for it before starting) sign a receipt in his "Toll Book" or "Incidental Book" which would serve as a voucher or verification that he paid out the money legitimately and it would be honored by the delivery department on his return.

Sub-Station Deliveries

Before we proceed with the balance of this story, and just to indicate how your problems multiply the moment you touch a modern big store, you must stop to consider that the above description deals only with the delivery of goods by individual automobiles, wagons, packet motorcycles, bicycles and special messengers direct from the store to each individual customer. Think of the problems that come up the moment you consider a place like New York, where a big store may have branch delivery stations at Brooklyn, Jersey City, Bronx, Portchester, Tarrytown, Staten Island, Long Island City, Jamaica and Hackensack.

The deliveries would be made to these sub-stations by means of a three to five ton motor truck, then

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distributed by wagons or light delivery trucks from the sub-stations. At the sub-stations there must be a stable, or garage, or a combination of both, and general facilities for sorting the packages and routing them according to their local destination.

From this hasty reference you can see that even the branch deliveries must be controlled by a perfect system, or there will be countless and costly complaints.

Cash and Charge Credits

What if the customer, instead of writing or telephoning to the store to have the driver call and get the goods, should bring the goods back herself to the store and want credit for them? How would you handle that?

Three Ways of Handling Credits

There are three ways of handling these credits.

1. *Through a credit desk.*
2. *Through the floor walker.*
3. *Through department where purchased.*

Under the first way the store must be large enough to have a regular credit desk which is stationed in a convenient and practical part of the store. This desk makes use of two books, one called a "Cash Credit" and the other called "Charge Credit."

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The "Cash Credit" book is in duplicate, with six or eight small coupons to the page, or may be used in one single store check similar to a bank check, which serves as an order on the cashier to pay out the money. Of course the person in charge of the credit desk will have the goods taken back to the counter where purchased and the return to stock approved by the head of the department or somebody authorized to make such an approval. In some stores, also, the floor walker in that division countersigns the approval.

The "Charge Credit" book is very much like the cash credit, only that it does not warrant the paying out of money. The credit only serves as an exchange, which goes to the accounting department, and is deducted from the next monthly bill, providing the goods have been returned in good condition.

Floor Walker's Credit Book

This is the second way of giving credits referred to above. It applies only to cash credits.

When a woman brings back goods which she wishes to return, the floor walker goes with her to the counter where the goods were purchased; the salesman who sold the goods verifies them and the customer. She then signs a credit check which the floor walker makes out. The head of the stock also signs it. Then the floor walker signs it.

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Tricks to Defraud

Does the floor walker give this check to the customer for her to go to the cashier and get the money, or does the floor walker himself take it to the cashier's desk? Now that is a very interesting question suggesting several very clever tricks used to defraud the store.

The usual practice is for the check to be turned over to the customer, who goes to the cashier's desk and gets the money. But when this practice was first started, some customers found that they could write a figure one before the fifty cents, and get one dollar fifty, instead of fifty cents, or they could write eleven dollars, and get eleven fifty, or if they needed the money very badly they could write twenty-one, or forty-one, and still get the money.

So in some stores the floor walker puts a blind memo on the check which means the amount, just as some price tickets are written with letters which tell their selling price where that price is not written in plain figures.

Amount Written "in Reverse"

In other stores the floor walker uses a double-faced carbon so that when the price is written it gives him a duplicate on the carbon copy in his book, and also writes "in reverse" on the back side of the original check which the customer carries to the cashier.

Many a "green" crook has been caught in this way. She did not think to look on the back of the

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check before she raised the front. The cashier would flip the check over, hold it before a mirror, and read the correct amount on the back.

Still another way to prevent raising or changing the check in any way is to have cents and dollars printed along the edge, in which the floor walker punches the correct amount with a regular railroad conductor's punch, which he carries for that purpose.

A general plan and a good one is to have whoever writes the Credit Check write the amount out in long hand.

Name Not on Credits

Some stores do not have their name printed on any credit slips used inside the store. They claim that there is no need to have any name on these slips, since such slips need not go out of the store. Some say there is an advantage in not having the name on, because if a customer should drop one of these slips and somebody else picked it up, the finder could not prove that the slip belonged in that store, whereas the loser could very easily go back to the floor walker, explain her dilemma, identify herself and get a duplicate credit made out.

Charge Credit Book Kept in Department

This is the third way of handling credits referred to above. Each department has a triplicating charge credit book. When goods are returned by a charge customer, the head of the department fills out a

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charge credit check in triplicate. This is signed by the floor walker, by the clerk who makes the sale, and by the head of the department. One check goes to the customer, one check remains in the book, and the third remains with the goods to identify them until they are properly credited in the stock book of that department and receipted for, whereupon that check goes to the main office for accounting.

Mail Order Refunds and Credits

These follow the "Charge Credit Book Kept in Department," outlined above, but are kept in the Mail Order department.

Autographic Register Shipping Forms

The shipping department has a triplicate book or uses the forms prescribed by the Interstate Commerce Commission and operated in Autographic Registers. The three copies are used as follows: The firm making the shipment sends the original B/L and one carbon copy to the transportation company which signs both, keeps the carbon copy as a shipping order and returns the original B/L to the shipper who retains it. The third copy is used as a memorandum acknowledgment of shipment and is forwarded by the shipper, together with invoice, to the customer.

"Out of Stock" or "Want" Book

Every store, little or big, and especially every department of a big store, must have a "Want Book." In some stores they call this an "Out of Stock

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Book." All through the day as a clerk finds that the goods which are called for are out of stock, she writes it in this book. The checks are torn out of the book at the end of the day and run over by the head of the department. No matter how many times a day a clerk may have a call for a thing she must make a record of it, because the head of the department would act very differently if during the day five clerks had each had six calls for an article than if only one call had come. Naturally if a number of calls were received, the clerk would not wait until the end of the day, but would immediately call the head's attention to the demand.

Advance Order Book

What would happen if a customer asked a salesman for a certain article and he looked and found that it was out of stock, and she said, "Please take my order for it, and as soon as it comes" (or, on a certain date) "send it to the address given; they are for a Christmas present" (or Easter gift, or a birthday remembrance); "enclose my card with them"?

The clerk would not enter such an order simply on a blank piece of paper. That would be no way to do,—the paper might be lost, and there would be no permanent record of it; everything would soon get mixed up if the business were run in that way.

Such advance orders are so frequent that each department is provided with an "Advance Order Book," where all such orders are entered. Such a book must be in duplicate, so that the original check

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can be sent to the purchasing department, to go through the regular channels of buying, and the correspondence in connection with it be handled in the proper way. At the same time, the department which does the ordering must have a record showing that its work is done properly.

Advance Payment Books

Here is a customer who makes a deposit on a suit which is being altered, or on a carpet which is being made. The store does not want to cut the goods unless some payment is made. The advance deposit, or part payment, is so common that there must be some systematic way of receipting for and holding that money. Some stores have an "Advance Payment Book" for this very purpose. Other stores make out two sales checks, one a cash sales check on which a notation is made about the balance due and the other a C. O. D. check for the balance. This C. O. D. check is kept and sent with the finished work when delivered, either at the home, or delivered in person to the customer at the store.

Hold Ticket Book

Some stores handle this in another way. They have a triplicating book with the third page of stiff cardboard, stamped "Hold Ticket," which is tied to the goods while they are being altered, or made, or merely kept in stock until the customer comes back and pays the balance.

Alteration Book

If quite a good many alterations are to be made, or a good deal of work has to be done on a garment,

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will you write the instructions out on the hold ticket, or in the advance payment book, or in the advance order book? No, you will have an "Alteration Book," either in duplicate or triplicate, which is large enough to hold all of the instructions needed to guide the department making the alterations.

Supply Requisition Book

In some houses each sales book must be obtained by a requisition on the Auditing Department. Here is a careless clerk and a customer in a rush. Strange how often the two get together. The clerk makes the sale, but has forgotten to requisition a new sales book; the old one is used up, she cannot use another clerk's book without losing credit for the sale. She picks up a requisition book supplied for that purpose, takes out a requisition blank in a rush, disturbs the whole neighborhood in her effort to find the department head to O. K. same, rings or calls frantically for a messenger who finally rushes off on the errand, swiftly when in sight, but slowly when out. Consequently, a heated and disturbed customer and an upset and worried clerk. To prevent just such annoyances and disturbances many large stores deliver to each department the sales books that should be required for the day, keeping a record of same and making the head of department or aisle manager responsible for their safe keeping. The requisition book, however, has other uses. The department head writes down all his requirements for supplies on the Supply Department's slips taken from this book. The slips are held by the Supply Department

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as a voucher for the amount of supplies so required. In some stores all such supplies are charged to each department.

"Transfer of Stock" Books

Did you ever walk around in a big store and see the same goods displayed in departments in which they did not belong? Why do they scatter them around in so many different places?

This custom represents a keen knowledge of human nature. If a customer goes in any part of the store, she may see some of these particular goods which the store is trying to push because they are on display in so many different places. "Goods seen are half sold." The department to which they belong transfers them to the department where they are displayed, by means of a "Stock Transfer Book," so that the department which owns them can keep an accurate record of them and get the goods back or credit for their sale.

Competition may be so sharp that many lines of goods have to be sold at a very close margin. But if goods on which there is a big profit can be displayed in the above way in so many different places that a large sale results, that means a large margin of profit, which is what every merchant is trying to get.

Mark Down Book

If goods taken out of regular stock were put on a bargain counter, would they be entered in the "Transfer Book?" No, not unless they were sold at the regular price on the bargain counter, which would not be likely.

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Every department is charged with the net cost of its complete stock of goods, and also with the selling price, and of course includes the gross profits which its department must make.

If a department does not find its goods selling, or has for advertising purposes cut the price of some of its goods, it must have an accurate record of the difference between the regular price and the bargain price, else that difference cannot be accounted for at the end of the year.

Paying for Cut-Prices

If, for example, the clothing department sold two hundred $25.00 suits at $18.00, there would be a book loss—as the banks call it—of $7.00 a suit on two hundred suits, or $1,400.00. The stock book must show where that $1,400.00 went. So each department has a "Mark-Down Book." Some stores call it a "Profit and Loss Book." This book keeps a record of the amount of goods on such sale, the regular price, the mark-down price, and the total amount to be deducted. If the goods are not all sold, those unsold are returned to stock. The record in the mark-down book is corrected accordingly. The original is then sent to the office while the carbon copy is kept by that department.

Accommodation Check Book

If you bought a package in one store, had it under your arm when you walked into another store, made a purchase in the second store and asked the clerk

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to have your first package wrapped with the other purchase, would the clerk simply take the old package and wrap it with the new without saying anything about it? If the store would permit her to do that, then what would prevent a confederate of the clerk coming in and making a small purchase of this clerk; the clerk would then pick up a valuable piece of silk or lace, secretly wrap it up with the package of goods purchased by the confederate, hand it over to the confederate, and the two divvy up afterwards? Don't you see that in a big store there must be a system to protect the store against such frauds?

The floorwalker carries a book called the "Accommodation Check Book" or "Rewrap Book." In big stores no clerk can wrap a package, or have a wrapped package in her possession, excepting to hand it from the wrapper to the customer.

Wrapping Extra Packages

When the customer wants a package wrapped with a purchase in the store, the clerk explains it to the floor walker, who writes an order in his Accommodation Check Book, or Rewrap Book, authorizing the wrapper to put the two bundles together. Some stores simply instruct the floor walker to tell the wrapper by word of mouth to do this. Such methods breed carelessness. The wrapper may work with the clerk in stealing goods, and say that the floor walker told her to do so. In such a case there is only the floor walker's word against the wrapper's. The floor walker might be absolutely honest and loyal, but his word would be questioned; he would

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have no record to prove that he was right. He might be discharged; his character ruined; a great injury done him, because he could not prove by a little carbon duplicate record that he had or had not given the order in question.

Many houses adopt a simpler method by which the floor walker or aisle manager simply puts his O. K. and initials on the sales check, which accomplishes the same result as the previous method.

Transfer of Employees' Book

"What is that?" You say, "Employees are not cloth, or groceries, or delivery wagons." Yes; they are in a big store. When you get six or seven thousand clerks, cash girls, wrappers, cashiers, etc., all in one place, you must issue orders to them telling them what to do. You can't tell them by word of mouth what to do. That isn't businesslike; besides, many of them could not remember two minutes what they were told. They must carry a slip of paper which is their voucher that they have a right to work in a certain department. That voucher also serves as their right to receive salary for that work. So the Superintendent has an "Employees' Transfer Book."

The department has some good employees, loyal to the store and trustworthy; but trade is slack in that department. What is the store to do—discharge them? No; it transfers them to another department which is busy and needs them. A good store always tries to keep all of its good employees

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that it can profitably make use of; hence as the seasons come and go in which one department is busy and another slack, certain employees are kept on the move from one department to another.

Rover's Sales Book

Some stores handle this matter in another way. They have a certain number of "Roving" clerks who are versatile and clever; they can sell most any kind of goods in any department. In some stores they call these clerks "expert buyers" or "customers' guides" in buying. A customer walks into a store and says, "I want to buy quite a good many things. Haven't you an expert who can coach me in the things which I am thinking of?" The store says, "Why, certainly," and sends for one of these buyers, who may do nothing else but this, or may be a buyer in the Mail Order Department, who fills orders for out-of-town customers.

Buyers' Guides

Some stores have so many of these buyers or guides that they have a Matron of Buyers in charge of them. Such a buyer, or roving clerk, or customer's guide, carries a sales book which is distinctly different from any other sales book. This is for the purpose of identifying the sales of these buyers, yet giving the proper departments credit for their sales. Some of these roving salesmen are paid a commission on their sales, and must have some way of easily identifying all of their sales checks.

One of the advantages of these rovers is that a great many customers like to have a congenial sales

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person go with them and give them advice and see that they get the best attention in each department. Indeed, it is one of the real competitive weaknesses of a big store that each customer must fight her own battles from department to department, whereas in the smaller stores she can get individual personal service from a favorite sales person. This personal attention appeals to many people, and is one of the chief reasons why smaller individually run stores can hold their own against the big store.

Clerks Selling in Different Departments

Another Special Sales Book is one which is used by clerks having regular stations, but so situated as to be obliged to sell in two or more departments. For this purpose a book made along the lines of the Regular Sales Book, but having extra spaces for Dept. No. to be entered against each item, so that each department may receive the credit for sales to which it is entitled.

In a full-page illustrated article entitled, "The Hidden Machinery of a Big Department Store," printed in the New York Times, November 12, 1911, this statement is made: "A department of 'Decorators' is of great importance. A great number of men and women are employed just to make the goods attractive and to give an idea how colors and materials may be combined. One large store is credited with spending on its window decoration not less than $80,000 a year."

Naturally a well-organized store would not expend $80,000 or any large sum without having a

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dependable system of checking such expenditures. There are two books used quite generally for this purpose. We will call the first "The Decorator's or Window Dresser's Purchase Book."

Decorator's or Window Dresser's Purchase Book

The head of the decorating department makes all of his purchases with this book. Most of these purchases are made out of the other departments. If the silk department wishes a window display, he purchases from the silk department enough silks to make the display. Those silks are returned to the silk department when the display is over. If they are in perfect condition—which is very rarely the case—the decorating department will get full credit for their return and will not have to pay for the goods. If the goods come back in a soiled condition so that they must be sold at a reduction, then the decorating department must pay the silk department for the difference between the regular price and the sale price.

Selling the Windows

On the other hand, usually a fixed price is put upon each window. The use of that window is what the decorating department has to sell. It sells the windows to the various departments. The silk department may charge the decorating department for the loss in the value of the silks displayed in the window; but, at the same time, the silk department has to pay the decorating department a fixed price for that window. Naturally, the decorating department is expected to make money on the most advan-

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tageous use of the windows. The head of each department knows that if he has a window display, he will have to pay for it. This Decorator's Purchase Book is also used for buying other materials, such as stands, mechanical contrivances, crepe paper, artificial flowers, or anything else that may be used in making a decoration.

If the decoration is made on the shelves back of the counter in a department, or any other place in the store, the operation is the same as in the window. A second book is called "The Show Card Order Book."

Show Card Order Book

This book is used for ordering the printing or painting or making of show cards for window displays. It is also for the printing or writing or making of price tickets and descriptive cards for putting on goods and all other forms of printed, drawn, painted or other tickets, cards, display cards or show cards used anywhere in the store or store windows.

Naturally the Decorating Department should come either largely or wholly under the Advertising Department. Very few of those who are not connected with advertising realize how great is the Advertising Department. It is reported that the dozen prominent department stores in New York City spend from $250,000.00 to $500,000.00 per month. This is at the rate of three to six million dollars per year. Of course, the display of goods in the departments and in the windows have much to do with the success

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of the advertising in the newspapers. Consequently, the Decorating Department and the Advertising Department must work in harmony.

Inasmuch as each department has to pay its own expense, including the use of the windows, it is natural that it must also pay for its own advertising. The advertising manager makes a contract with a newspaper at a certain rate per agate line per insertion of all space that he uses, provided he uses a certain amount during the year. Each department is furnished with Advertising Requisition blanks.

Advertising Requisition Blanks

When a department wishes to advertise, it makes out a requisition blank and sends it to the advertising department, keeping the duplicate of this requisition for its own use. Usually the department head has a talk with the advertising manager and the two work up some kind of special advertising for that department. The department head can make a requisition for a certain amount of advertising to be spent in a week or a month, at the discretion of the advertising manager. The head of department has one of his helpers measure the ad so that when it is charged against him he will be in a position to know that he got what he ordered, and will know what he will have to pay for.

Advertising Form Orders

The Advertising Department usually has a formal order very much like the Merchandise Manager's

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purchase order referred to in the earlier part of this chapter. This order goes to each newspaper, or other publication, for each insertion, telling just what amount of space is to be used. If there is not a definite record made of this kind, some papers have a very exasperating custom of spreading the space to what they say the copy requires for a good set up. In this way, when the advertising manager orders a 10-inch three-column advetisement, the paper may spread it to 14 inches, three column, by using big headlines, displays and leading all of the wording. In that way they gain 12 inches of space on that one advertisement. If the advertising manager has a formal order in, he will let the paper spread the ad all it wants to; but at the end of the month he pays according to his formal orders. In the case cited above, he would get the 42 inches of space but would have to pay only for 30 inches. After the first month such papers would stop spreading. Certain space, such as that occupied by the general talk referring to the general policies of the store, is charged to general expenses.

Variety of Department Store Books

The variety of books required indicates the range of dealings of a modern big store.

The Grocery Book

This sales book is usually larger than the regular sales book in the other departments. This is not peculiar to a department store grocery department. All grocery stores have large books because there

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is such a long list of items to be written on one sales check.

A record is kept of the boxes, baskets, jugs, cans, etc., in which groceries are delivered and their return watched by means of the *Driver's Credit Book* referred to on an earlier page of this chapter.

Furniture Book

This book usually has four copies. One copy goes to the customer, one copy stays in the book, one copy goes to the office and the fourth copy goes to the warehouse, since most of the goods in the furniture department are only samples, orders being filled from the warehouse.

Rug and Carpet Books

The above two books are very much like the Furniture Book. They are made usually with four copies, because a fourth copy is required as a matter of record in the cutting and making department.

The Carpet Layer's Book

In this the workman keeps his time, the amount of carpet used, the amount of other materials, such as tape, tacks, paper, padding, etc., including carfare and any other expenses.

Glove Cleaning Book

The glove department also has to have a special book to handle the gloves which are left it to be cleaned and repaired, since most of this work, especially the cleaning, is done outside the store at a regular cleaner's.

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The millinery department has a number of special books of its own.

Trimmed Hat Book

The hat department sells a customer a hat. That is one sale. Then the trimming department charges a certain price—that is, makes a certain "Sale" of its trimming which includes material, labor and profit. A customer might be required to pay for the hat but need not be required to pay for the trimming until after the hat was completed.

Memo Charge Book

In this connection many stores have a special sales book for dealing with dressmakers. It is called the "Memo Charge Book."

Dressmakers are constantly buying in such large quantities and are getting either a special discount from most stores, or paying special low prices, that the stores like to keep this business separate from the ordinary sales over the counter. They regard it more as a wholesale trade. A great many of the goods purchased by dressmakers are returned. These Memo Charge Books are worked in much the same manner as the C. O. D. charges referred to elsewhere in this chapter. That is—the Memo Charge is held up for a limited time so that the dressmaker can return all of the goods that she doesn't use, and in that way be actually charged on the ledger with only the goods which she keeps. In other words, it is a charge without an immediate entry of the charge. In some stores anybody who

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is making a dress, whether she is a regular dressmaker or not, can state that she does not know how much lace, etc., she will require and can take home an extra quantity, returning what she does not use.

A Cleaning and Dyeing Book

This book can be used in the millinery department for the cleaning of hats, trimmings, etc., or it may be used in the dressmaking department, or in the tailoring department. Some stores have several of these books all put under one form, which is called "Department Workroom Book."

Department Workroom or "Piece" Book

Another name for this book is "The Piece Book." This book can be used in the millinery department, dressmaking department, cloak and suit making and sometimes in the jewelry department. Usually, however, the jewelry department has a book known as the "Jewelry Repair Book."

Jewelry Repair Book

This is the same kind of a duplicate book as is used in the smaller stores throughout the country.

Engraving Books

The stationery department uses a special book for placing orders for engraving wedding invitations, calling cards, reception and at home cards and fine stationery. This should be a triplicate book so that one copy can go to the customer, one copy stay in the department as a record, and one go to the person or firm which does the engraving.

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A similar book is used for engraving silverware and jewelry.

Approval Book

This is used for keeping records of goods sent "On Approval." Buying "On Approval" is a privilege that has been so greatly abused that most big stores are trying to cut it out. Those that still continue the practice of course require a manifold book which will give them an accurate follow-up of customers who order in this way.

"P. M." Books

If certain goods in a department do not sell well, the manager has three distinct courses open to him. He can advertise them, and of course the cost of that advertising will be charged against him, and he will charge it against those goods. Second, he can sell the goods by displaying some signs in the department regarding them. Or, he can give the salesmen a commission for selling those goods. This commission is known generally as a "P. M." In some places as a "Spiff." All three of these ways are virtually a cutting of the price. They are artificial means used for moving slow goods. The "P. M." method allows clerks to make more money and may work both ways. It may induce the clerks to hold back on salable goods until they are "P. M.'d," or it may make them so interested in the whole department by reason of the extra money that they make that they are better clerks in every way. Whether this works as a good or evil depends upon the particular skill with which the head of department operates it.

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Restaurant Check Systems

Some stores do a very large business in their restaurants. They run them so well that they draw not only the trade of the women shoppers in the store, but the men as well in their locality. These restaurant check systems are similar to the Tell-Tale, Cafeteria, and others, described in the chapter entitled "Hotels, Cafés and Restaurants."

Soda Check Pads

Since so many of the department stores have soda fountains, they run them in ways that have proven to be the most economical and expeditious. For this purpose they use various forms of "continuous" or "perpetual" or "block and stub" checks.

There is still a different class of books in quite a large variety, used in every big store. They have to do with the management of the store itself. For example, in a store employing five, six or eight thousand people, there is an endless string of employees coming and going all the time. Take up a daily newspaper and see the number of "Help Wanted" ads for the various departments of a big store.

Application for Position Book

First of all comes a book for keeping record of all applications for positions. Each store has its own idea of the information which it wants. When an applicant has been passed upon favorably—that is, has been hired—she steps over the line into another class. She is then an actual employee.

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Employees' Record Book

As to an employee the store must keep her full name and address and all of the other information which it deems necessary. It is very important that a store knows all about each employee, particularly where she lives and with whom. Such information may be useful in case of accident, or for the use of the store detective.

Employees' Instruction Books

In an organization as complicated as a big store, how could you expect any employee to even "turn around" without doing the wrong thing? You couldn't. Hence, every big store has a printed book entitled "INSTRUCTIONS TO EMPLOYEES." This book tells the employees about the entrance, exits, opening time, lunch time, closing hours and where to keep their hats and wraps; how to notify the timekeeper of change of address, how to make their own purchases, how to handle their own packages, what to do when they lose or find anything, information regarding fines, their personal mail, their behavior toward other employees, their personal appearance and conduct, their dress or costume, visits from outside friends. Such a book also gives general instruction regarding transferring employees from one department to another, about selling goods, stock keeping, the privilege of returning goods, how to speak to customers, how to act toward customers, what to do when goods are not in stock, what promises to make and what promises not to make. How to handle money, sales books, transfers, etc. What to do in case of errors. How to receive

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complaints. How deliveries are made. How to make a personal complaint to the head of the store if treated unjustly by a superior. Various stores include other instructions which they think will be helpful to employees.

Advertising to Employees

A new idea is now coming into vogue with certain stores. They are addressing bulletins or announcements regularly to their employees at the employee's home address with a view to enthusing them in regard to coming events in the store. This is a form of advertising to their own employees for the purpose of getting their employees to talking to their own friends and thus start the ball a-rolling through the five or six thousand "living" advertisements. This is not a new idea but one susceptible of great possibilities. Some of the most successful automobile concerns have made enormous successes by constantly issuing instructive and inspiring bulletins to owners of their own cars. Bulletins to employees also serve to make the employees buy the goods themselves. One dollar is as good as another, whether it belongs to a cash girl, a cashier or a customer with millions of cash.

Salary Check Books

Of course, there must be a system for keeping an accurate record of the salary or wages due each employee on each pay day. This book records the hours absent, times late, fines imposed, the rate due per week, the total amount due, and a voucher

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or ticket, to be torn off, stating the amount due. This ticket can be handed to the regular salary paying cashier and the money drawn.

Salary Deduction Book

Where there are so many different kinds and grades of employees, all in one establishment, there are different practices pertaining to each class. A salary deduction book is not used the same as the change of salary book. It is used for indicating to the paying cashier or to the department which keeps charge of the salary check book, that a certain employee, for example, has made certain purchases in the store which are to be deducted from the salary on pay day. It may seem like an extra expense to the store to have to use a book of this kind, but the stores know by experience that if they did not allow their employees to buy in advance, but made them wait until they got the money, that their employees might take that money and go into some other store and make their purchases. They are willing to let the employees buy in advance up to the full limit of their salaries due at the time of the buying. Some stores even go so far as to give them time off, during slack hours, and allow a special employees' discount, so that they can spend their money which they have not yet drawn.

One of the things which every big store is most careful about, is the employees that stay after hours, or return to the store in the evening. The entrance door is guarded like the door of a money vault.

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Night Work Book

For this purpose there is a night work book which the superintendent must sign, giving the name or number of the person who is going to work overtime and the department in which he or she must work. Of course, that person would not be admitted to any other part of the store. This check will be signed by the head of the department, stating the amount of overtime and will be used as a salary voucher.

Employee's Pass Book

This book is used for just the opposite of the night-work book or overtime book. When anybody wants to go home early for any cause, she must have a pass before she can leave the store. This pass indicates the time that she leaves and the carbon copy in the office will indicate the amount of salary deduction to be made.

Cashier's Report Book

The handling of the money is a very exacting feature in every big store. Each cashier has a duplicate report book in which she makes a full report of her day's receipts. She keeps the carbon copy. The original goes with her receipts to the main office.

Cashier's Receipt Book

Each cashier, also, who is entitled to receive money on account, either in check or cash, has a receipt book for use in giving a receipt to the customer, which receipt acts as a check upon herself. One carbon copy goes to the auditing department and one stays with the cashier.

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Remittance Voucher Book

The main office has a duplicate remittance voucher book for sending with each check to show the goods or the things for which the check is sent in payment. Some stores simply write a letter keeping a carbon copy of the letter, but other stores prefer to have all such payments kept together in a duplicating book.

Complaint Books

These are two kinds. One is for use at the telephone for reporting complaints, and is called a "Telephone Complaint Book"; the other is for use in each department so that when a customer makes a complaint to a clerk or to a head of department, he can make a record of that complaint and send it to the Bureau of Adjustment, or the Complaint Department may hold this book and make its own entries, giving a history of the case. This is called a "General Complaint Book."

Credit Record Book

In the credit department, which of course is in the main office, a book is kept for keeping a record of each new application for credit. This book tells as much as possible about each application, what reference she gives in the way of other stores, where her husband or father is employed, bank references, and any other information that is useful and can be obtained.

Tracing a Missing Check

There are two very interesting books which are frequently accompanied by tears and hysterics. One

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is a book used for tracing missing checks, the other is a book for tracing lost goods.

In tracing a missing check, this is the usual procedure:

First, the tracer looks up the clerk's record card taken from the clerk's sales-check book.

Second, the tracer looks up the date, time of day and the character of the sale.

Third, the tracer consults the clerk who made the sale; then the wrapper who wrapped up the package, then the delivery department, the cashier, the C. O. D. clerk, and if necessary the charge office.

Of course, as soon as the tracer strikes the trail of the check, she then follows that trail until she finds the check. She might find it in any one of the places mentioned above. The main thing is to find it, because the books cannot be balanced as long as there is a sales check missing.

Tracing Lost Goods

The second book mentioned above is used for tracing lost goods in the store. When the goods have been properly identified, a check or voucher is then issued from this book to the owner, showing that she is entitled to the goods.

Auditing the Big Store's Business

Now that you have sold the goods and delivered them, and credited some of them back to stock and

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found missing checks, and deducted certain purchases from employees' salaries, and transferred other employees, and given all the clerks the printed instructions, and issued passes for some to work at night, and straightened out your "P. M." system, and filled all of your applications for positions, and issued your piece-work and repair-work books, and gotten a nice line of requisition pads, and handled all of your marked down books and hold books and want books and mail orders, and transfers, who on earth straightens them all out and keeps them straight?

Keeping Out Kinks

Hidden from the eyes of the public, and guarded by the ominous sign, "Positively no admittance," is the auditing room, governed by the auditor. All auditors are the same—they all "come from Missouri and have to be shown."

To the auditor's mill comes the day's grist in the form of a part of every sales check, showing the character of the sale, the clerk's number, check number, date and department. Here the check is scrutinized by keen-eyed experts, looking for errors, omissions or changes. From here starts the tracer for missing checks. No matter how great the number of sales checks used in a day in the store, each and every one must be accounted for and tabulated.

First in the form of total sales of each clerk; second, in the form of total sales of each department; third, in the form of total sales in the whole store.

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Tabulating and Classifying Records

Again, these accounts are analyzed to show the total sales of each kind, such as total cash sale, total charge sale and total C. O. D. sales. Full reports of each are made by the auditor. From these reports comparisons are made with reports from the cashier department as to the total amount of cash sale. Further comparisons are made with the bookkeeping department showing total amount of goods charged. And with the C. O. D. desk showing the total amount of goods sent out on C. O. D. They must all balance with the auditor's report—or there is something wrong. The errors or leaks must be found before the next day's business can proceed.

In addition to the above the auditing department secures a record of the efficiency of each clerk so that when the salary raising time comes (if it ever does) the clerks who are deserving of a raise will get it, and the clerks who have fallen down can be reduced in salary or discharged.

The auditing department, also, is a Bureau of Statistics for comparing each day's, week's, month's or year's sales with the preceding period of the previous year and of all former years.

Everything Based on Figures

The auditing department is a maker of destinies of the employees, high and low. Individuals or names are not considered. The auditor deals only in figures. He deals only with the number of the clerk. It is immaterial to him what his or her name may be. His department cannot be ruled by sentiment.

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The average brain gets dizzy when it thinks of the tremendous amount of figures handled in a store—for example—making 50,000 sales a day, or upwards of 150 millions of checks to be examined and properly tabulated every year. Yet, in a big auditing department, with its 200 or more employees of experts in figures, such matters are handled just the same as the experts in the delivery department or advertising department or stock department, handle their myriad of details smoothly and accurately.

Some stores do not use the variety of manifold books that others do. The bigger the store, and the more complicated the business, the more books it will necessarily use. Some stores begin the use of books as a matter of form, because their competitors use them. But as their businesses have developed and succeeded, they have been compelled to increase the number of their books. Some stores handicap themselves because they do not use a large enough variety of books. They try to make one book do for purposes for which it was never intended. In so doing, they subject themselves to the risk of serious losses.

When you consider what a vast amount of system is required to keep a great organization like a modern store in smooth working order, the marvel is not that the store sometimes keeps you waiting so long, but that it ever serves you so quickly and satisfactorily.

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CHAPTER IV

THE PLANNER VERSUS THE PLUGGER

People are divided into three classes. These divisions are not described in the books, nor authorized by the universities, but the practical business man realizes that they are true, nevertheless.

THE THREE CLASSES ARE

First: The hard thinker.
Second: The hard worker.
Third: Other people.

In this chapter we are not interested in the "others." We are interested only in the first and second divisions. There are only two types of business men which are worth considering—hard workers and hard thinkers.

These two types are distinctly and fundamentally different. One plugs first and thinks afterwards; the other thinks first and then plugs. One lets his gray matter work hard straightening everything out and tell him just what to do before he does anything. The other plunges in and does it, and then afterwards lets his gray matter tell him how it might have been done better.

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Seeing Future Conditions

These are not fantastical nor theoretical divisions; they are divisions that are made after long experience in a large way with business men. The modern enormous development, concentration and intensification of business has drawn into the limelight a far-reaching discovery. The business men who are at the helm guiding great affairs and making the biggest successes, are not the men who are handling details. They are the men who can think clearest and see farthest ahead. They are the men who determine how their business should be conducted to meet the conditions that will arise.

The Most Profitable Employee

Here is the president of a big company drawing a salary of one hundred thousand dollars a year. "How can any man actually earn that amount of money?" you say. As a matter of fact, that president may in reality be the most profitable employee which that company hires. He may save the company from the most costly mistakes, and lead it into the channels which will yield the largest dividends.

Too Close to Own Business

Most men are too close to their own business to be good judges of what ought to be done. They cannot see their business as others see it. They feel down deep in their hearts that they know their own problems, that they have put their best effort into them, that they have worked day and night to solve them. They feel that their own situation is peculiar,

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that they know it better than anybody else could know it, that nobody from the outside could understand their peculiar situations.

Acquiring a New Perspective

Several years ago a business man in Chicago had pneumonia. He had worked so hard that his recovery was very slow. For a while it looked as if he would have to give up his business entirely and go to the mountains for a year. Day after day he made his way into the park and sat there in the bright sunshine, trying to breathe in new strength and regain his health. After a while he became strong enough to visit his business again. The business had not changed; it had been managed well; the receipts had not fallen off, neither had the profits, but it did not look the same to him.

He had been too close to a greater and more important thing than his business. As he looked around on his business, after his return, it looked small. So many things about it looked unnecessary and useless.

He went back to the sunshine and the open air and tried to readjust himself to the new situation. Then there came to him the thought that he had changed; his vision had broadened and deepened; he was now seeing his business as others on the outside might see it if they had his intimate knowledge of it.

New Idea of Own Business

The new idea of his own business was a tonic to him; he gained strength rapidly, the inspiration of a new imagination filled his mind and his heart.

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He soon went back to that business and took the reins. Not as he used to—he no longer had any desire to be the first one there in the morning and the last one away in the evening. His desire was to save himself, to build up his strength and keep his body in the best possible condition for helping his mind to think clearly.

Now Earns More Money

Every day for a while he went back to the park and sat in the sunshine, whenever there was sunshine, and thought over the meaning of the difficulties and problems and successes of the day, and tried to extract from each success or failure a principle or a policy on which to base future actions. The end of the story is obvious—that man is a free man; he earns more money for himself; he earns more money for his business; he earns more money for his employees than he ever did before. His employees have more faith in him, his credit is higher in the business world because he has made a reputation as a shrewd man with a sound judgment and a keen insight into the business future.

He does not "work" one-half as hard as he did before (since, as some say, thinking is not work). He enjoys himself ten times more than he did. He travels; he mingles with other business men of all kinds; he is interested in affairs; he is looked upon by his fellow business men as a big, broad, successful man "with a future."

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A Terrible Calamity

A retail dealer in New England had a terrible calamity befall him. He had started his career as a $7.00 a week clerk in a retail store. He was a hard worker and a capable salesman; his salary grew, and he was saving. Finally, he made a break and went into business for himself. He worked very hard. He was so anxious to succeed that some even thought that he was "sharp" in some of his practices. He made a success; that success, so some thought, puffed him up, just as some retailers will get puffed up because they have done a little better than other retailers in their locality.

Then one day his wife, while at home, upset a lamp; her dress caught fire, and she was horribly burned. For four months this man left his business and stayed by his wife night and day, trying to save her. It was of no avail. After she died, somehow, a great deal of "heart" that he had put in his business before had gone out of him.

Four Hours a Day

He used to go down to the store every morning, but by noon he could not bear it any longer, and would go away—to the country club, or a ball game, or driving, or fishing, or to call on a friend, or to a theatre, or off for a long walk. Sometimes he would get on a train and visit some nearby town and call on the stores that traveling men had said were successful. He would study the way they conducted business.

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The result of such a course was to give him a broader, surer grasp of his own business. It was not many weeks before the fact dawned on him with a power that changed his whole way of thinking. He saw that he was worth more to his business if he stayed in the store from eight to twelve in the morning, than if he stayed there from eight in the morning until seven in the evening, because he then had six to eight hours for planning.

The Power of Planning

Then he said to himself: "If this is so, why should I not have two stores? If I can make more money on my own store by spending only four hours a day in it, and the rest of the time in getting my mind clear, and in learning how stores like mine are run successfully, then why can I not just as easily run two, three or five, or as many stores as I like?"

So this man took on a second store. How many he will have eventually, nobody knows. There is a little woman in Ohio, who started on the same road, and now has ten successful stores.

Most men have more in them than they think. There is no limit to the number of stores or the size of a business that a man can manage successfully, providing he gets the right viewpoint, and mentally sees his business as he ought to see it.

Blocks Own Success

There is a manufacturer who blocks the door to his own success. So long as his business was kept down to $1,000,000.00 he was all right. It was still

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a "one-man" business; he dominated it. No announcement of the company could go out without his personal supervision of the wording of that announcement. No new design in the machine shop could be made without his personal investigation and O. K. Nothing about the company could be put into operation until he had the time to pass on it.

Any business man with an open mind and with experience knows that a business run in that way is so terribly handicapped that it cannot be a great success.

Best Thought of Everybody

This is an age of committees, and conferences, and boards of directors. *The best thought of everybody* is the business slogan of the day. "It matters not whether it is the office boy, the foreman of the shop, the wagon driver, the bookkeeper, a stenographer, the casual remark of a customer, the profound thought of the president, or a retort of the treasurer, if in any way it is valuable to the company, use it for all it is worth." This is what every wide-awake, progressive, growing business man is saying.

Cutting Own Nose Off

Not long ago a business man, who has made somewhat of a success, sent his advertising manager out on the road for a month's trip, to see if he could find out why his goods were not selling better. The advertising manager came back with his eyes wide open to the feeling of the retail trade towards this man's goods. He had learned from the retailer why the public did not buy these goods in larger quanti-

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ties. He knew; he was no longer puzzled as to why the goods did not sell; his mind was clear. He came back feeling that at last he could be of great service to his employer.

He went to his employer, and told him in his most enthusiastic and emphatic way what he had learned, and what must be done to let the business grow the way it deserved to grow. The manufacturer listened, said nothing. The next morning he let the advertising manager go.

A few days afterwards, while talking with an acquaintance, he wagged his head from side to side, and said: "I don't like to have anybody working around me who doesn't believe as I do."

Fool, Fool, Fool! Think of the narrow-minded, self-deluded, pitiful business brain that would deliberately discharge an employee who was putting his whole heart into an effort to help that man make a bigger success! There is no large commercial future for such a self-centred, complacent individual.

His Own Worst Enemy

What a pitiful spectacle it is to see a man who really wants his business to succeed, but who deliberately prevents it from succeeding. Puzzled? Of course he is puzzled. He is bewildered. He cannot see that he is his own worst enemy. Both his business eyes are blinded. He would resent with the fiercest intensity any thought that he, and practically he alone, is the cause of his business remaining small.

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This man is not an exception. His health is too poor; his mind is too narrow; he lets personal, individual sentiment, personal feeling and jealousy, pride, hatred and revenge enter into his business calculations. These things are only said because they are true, and may be a lotion on the eyes of some business man which will bring real insight into the causes of his own non-progress.

Not Growing—Then Dying

If any business is not growing, it is dying. No business can stand still. It may appear to stand still and hold its own, but back of appearances the elements of decay are at work.

This is why successful business men so carefully compare every month's sales with the corresponding month of the previous year, and of every former year. It is why they pay so much attention to their annual volume of business, and annual profits, compared with the same items for previous years. They know that unless there is a healthy increase, there will be an inevitable unhealthy decrease. The first step of eventual failure is the absence of increase.

The business man who has been a hard worker, a plugger, and whose business is not progressing as it ought to, should not work harder.

Get Away and See Straight

He should take himself away from his business, not for the benefit of his health, although his health will improve; not for his pleasure, although he will

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have a great deal of pleasure; not for sentiment, nor for a mere theory, *but in order that he may be more valuable to his business, and make it a bigger success.*

In taking himself away from his business temporarily, he should act on a definite, pre-arranged plan, somewhat as follows:

Question All Present Policies

First, he should, so far as possible, rid himself of all of his old notions about his business. He should put a question-mark after every policy which he has stuck to firmly as a good policy. He should set down in writing just what he has been doing in each department of his business. Do not try to write an essay. Just say on a rough piece of paper how each part of your business is handled; describe the routine of what you have been doing. When you have gotten through, fold the paper up and put it in your pocket.

Take a Short Rest

Second: Take a couple of days of real pleasure to relax your mind and rest your body.

Visit Other Stores

Third: Take two weeks for travel, to visit other stores, if you are a retailer, or get acquainted with other people who are doing business like yourself. Or, go out and talk with customers of your own and of your competitors, and find out how those customers feel towards you and your competitors, and why they feel as they do.

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Ask Questions

Fourth: Visit other kinds of business, just as a spectator, or as an interested inquirer. Ask questions. Do not try to remember all of the questions or answers. Have a little pad in your pocket, and jot down what you hear and see.

Think it all Over

Fifth: Then spend about a week thinking it all over. Do not try to think hard, just let it "come to you."

Take an Outsider's Viewpoint

Sixth: Now, go back to your business and look at it—not as your own business, but as an outsider. SEE—not just with your eyes, but with your mind, with your experience, with your judgment, with your imagination, with your future—see your business as a whole. Do not try to look at the little details, of how Tommy ties a bundle, or how Mamie spells a word, or how Jim washes the floor. Look at the business as an investment, as an enterprise.

Requires Less Than a Month

All this does not mean the great expenditure of time that you may think. Three and a half weeks, or less than a month, should suffice to carry out this plan in its entirety. Then when you do it, you will see how handicapping the mere planless plugging habit is for anybody at the head of a business, little or big. You will see how absolutely essential to

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growth and success is the habit of thinking *in advance* clearly and absolutely without prejudice, or fear, or preconceived notions, and then—in accordance with what you have thought out—organizing to put these plans into the most successful operation.

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CHAPTER V

CASH OR CREDIT—WHICH?

Every retailer has puzzled his brain over the question, as to whether he will make more money if he sells for cash only or for credit and cash. It is an important question. There are few other questions in the retail problem which are more important.

Indeed, this question is a sign post at the parting of the ways.

Let us patiently dig clear down to the bottom of the matter, discussing the advantages and disadvantages of every side of the question, so that every retailer, little or big, will have a broad understanding of all of the problems and possibilities relating to cash or credit in every kind of business. In the first place, it ought to be known that the great bulk of the world's business is done on credit. Credit is the "warp and woof" of commerce. The moment there is any attempt made to do business *as a whole* on a cash basis, there is a panic.

Proportion of Credit Business

The manufacturer buys all of his goods on credit, and sells them on credit. There are so few excep-

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tions to this statement that they can be disregarded. The railroad carries most of its freight on credit, the telephone and telegraph companies do most of their business on credit; the gas and electric light companies do their business on credit, except with the "prepayment meter" classes; all building construction is done on credit; the $685,000,000.00 annually of advertising in the United States is nearly all done on credit. Ninety-five per cent. of the banking business is done on credit—a proportion as surprising as it is impressive. Exporting and importing trade is credit business. Only the little "classified" advertisements are paid for in cash, and even this is shifting partly to a credit business by 'phone —thereby emphasizing the distinction.

Indeed, the chief reason why there has been such a continuous and urgent appeal for a better government monetary system, is the universally acknowledged need of a more flexible and expansive credit, such as they have in England, France and Germany. In view of these facts, why is it that so many retailers have felt inclined to discontinue credit trade and sell only for cash?

Losses Create Misconception

Of course, briefly stated, the reason is that they have lost so much money that belonged to them, for goods which they sold on credit, but were unable to collect.

Why were they not able to collect that money?

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SIX GENERAL REASONS

They were not able to collect, for six general Reasons which explain why some retailers want to change from credit to cash.

Too Liberal Credit

First: Because they were too liberal with credit; they gave more credit to some people than those people were entitled to. They gave longer credit to others than they should; they were careless in handling their credits; they did not look upon a dollar's worth of credit as an actual dollar of real money.

Old System Unreliable

Second: The old "Day Book and Ledger" method of handling charge accounts was so unreliable and was the direct cause of so many losses that merchants became discouraged about the whole credit business; they did not see that it was not the customer's fault, but in reality and fundamentally their own fault because of their method of handling credits.

Tendency to Shorten Credit

Third: In every phase of commercial life—retailing, jobbing, manufacturing, transporting, advertising—there has been for some time a growing tendency to shorten credit. Instead of the old way, of giving two, three, four, six or twelve months' credit, the time has been cut down to ten days

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cash, net 30 days—rarely sixty or ninety. This has been brought about by the growing need of capital. In no part of the world do conditions change so quickly as in the United States. In no other country do people go to such extremes. We are an optimistic, "progressive" people. We build and bank on "futures."

Increasing Cash Discounts

The jobber knows that if, instead of giving thirty to sixty days' credit he will give from 2 per cent to 5 per cent cash discount, he can get practically all of his money back in ten days. With that money in his hands, he can then drive a better bargain with manufacturers—with certain manufacturers, who may for the moment be in financial difficulty, or who for any other reason may want the money quickly.

The manufacturer who frequently, because of advertising and selling methods that he has entered into, finds his business growing faster than his capital can handle, makes cash discount inducements to the jobber and to the retailer.

Hence, from the manufacturer and jobber, the retailer is having a constant demand for quick money. The retailer logically and inevitably says: "The only way I can get quicker money is to either sell more, or everything for cash, and less, or nothing, for credit."

There is a glaring fault of argument right here. It will be answered in later pages.

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Careless Bookkeeping

Fourth: There are a great many people who are good merchants and good salesmen, but who do not like bookkeeping. It bothers them; they do not understand it; they think it is a useless expense; they are therefore careless with it, and it therefore becomes a serious source of loss to them. What a man can master, he likes; if he cannot master it, he does not like it. Hence, the general antipathy and hostility towards bookkeeping.

Unfair to Home Dealers

Fifth: In some sections of the country the public has done an injustice to local merchants. They buy on credit from their home dealer, but when they sell their potatoes, or cattle, or hogs, or apples, or truck, or grain, or fruit, or other crops, they are not always careful to pay up their old accounts; instead, they take some of the money, and sometimes they take all of the money and buy for cash of the mail order houses, or of the big cash city stores. This has become so exasperating to local merchants, that in many places there has grown up a feeling that the only way to get even with such people is to make them pay cash for what they buy at home.

Credit Unwisely Given

Sixth: Many stores have given credit to a class of people who were not entitled to credit. The same thing has happened which would happen if we had immediately given self-government to the Filipinos, or if any savage or semi-barbarous people were

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given the right to govern themselves by ballot. The great industrial development of America has brought into our commercial life millions of people who are hard-working and industrious, but have not yet learned to fully adjust themselves to the liberty of American methods.

A man who is used to commercial dealings of any size knows that it is an utter impossibility for him to succeed if he does not consider a debt as obligatory upon him as any other contract could possibly be. He cannot dodge it, he cannot neglect it, he cannot evade it, and get anywhere in the commercial world. The very keystone of business is credit integrity.

Ignorant of Credit Obligations

Now if any retailer gives credit indiscriminately, and does not take care of it properly, he is bound to have a certain class of irresponsible, and, commercially speaking, inexperienced people, who will try to evade ordinary bills, because they do not understand the meaning of credit obligations.

Such people should not have credit, except to the extent to which they can and will handle it easily and promptly.

The above are the main arguments of those retailers who are thinking of or desiring to change from a credit to a cash business.

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ARGUMENTS FOR CREDIT BUSINESS

Now, what are the arguments in favor of a credit business?

Appeals to Best Classes

First: The best class of people in every community wish to buy on credit, whether they have a bank account and pay by check, or at regular periods of settlement pay cash. As a class, these are the people who make the largest purchases, who buy the best quality of goods. Therefore, they are the most desirable customers for any store which deals in the quality of goods which appeals to such people.

More Regular Customers

Second: If a family runs a charge account with a store, that family is apt to buy in that store with greater regularity. The dealer can count on a certain trade from that family which will not materially vary. When he has enough trade of that character he can figure quite accurately on the amount and the kind of trade which he will have.

Creates Friendly Feeling

Third: There is a friendly feeling between the dealer and good charge customers. He knows them by name, knows exactly where they live, knows how much of their trade he is getting, and knows whether it is worth while for him to be extra accommodating to them. On the other hand, the customer knows the dealer in a better way—particu-

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larly if he encloses an itemized bill with each purchase. Indeed the personal acquaintanceship between the small merchant and his customers, particularly charge customers, does more than any other thing to keep the big store from getting all of the retail trade. Human nature has not changed; the big store may be interesting and dazzling, but most of us like to do at least some of our trading in a store where there is a friendly feeling and personal acquaintance between ourselves and the one with whom we are dealing.

Charge Customers Less Critical

Fourth: The charge customer is not so inclined to "shop around" and pick things to pieces and drive a hard bargain, and wrangle over prices, as is the cash customer. This is a more far reaching argument than may at first appear. There is something subtle and psychologic about it. A woman with the money in her hand feels that she can be just as "saucy" and just as mean as she wants to be with the dealer; she is independent, she has got the money, and she can trade anywhere. That makes her more critical and harder to deal with.

Cash May Induce "Pernicious Shopping"

For that reason she is more apt to trade this week in one store, next week in another, and where she pleases in the third. She becomes an inveterate shopper—she is not a good customer of any store, but scatters her trade here, there and everywhere, until it is not worth a great deal to any one store.

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Less Chance of Dishonesty

Fifth: In a store where all of the business is cash, there is a greater opportunity for employees to make money by being dishonest. They get the actual money in their hands. The dealer is not so apt to make a written record of every transaction, since he gets the money right on the spot and thinks that he does not need to make a record of it. That is the chief reason why cash stores, as a rule, often have more trouble with dishonesty than do credit stores. The employee working in a credit store does not have the opportunity to get his hands on the money, nor to get the money in his pockets, as do employees working in a strictly cash store. No matter how small a store may be it must make a manifold sales-check record of every transaction *if it expects to stop such losses.*

$200,000.00 Stolen, One Store

Just think what it means when one of the acknowledged leaders in the cash retail business admits that his store loses by dishonesty two per cent of its gross sales annually. Since this store does an annual business of over $10,000,000.00, you can figure out what that two per cent amounts to.

Quality of Trade

Sixth: Very few dealers can handle the finest class of goods and run a strictly cash store. There may be exceptions to this rule, but it is so universal that the exceptions need hardly be considered. This is another way of saying that what are generally considered "the best customers" now buy, and always will buy, on credit.

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Telephone Orders

Seventh: The continually growing practice of shopping by telephone is giving the credit houses a great advantage. It is so easy to pick up the phone and tell the dealer what you want, that there are now stores of a certain kind that do more than half of their business in that way. This practice of buying by phone is growing so fast that many stores are putting in switchboards with competent order takers as operators. These order takers have special order forms, on which they write out the order and send it to the proper part of the store. Many merchants make a practice of calling up their customers regularly and soliciting orders by phone. Of course, cash stores can take phone orders, too, but the fact remains that they have not been able to get so much business in this way as have credit stores.

Usually More Accommodations

Eighth: A store doing a credit business can usually furnish its customers many accommodations which a cash store does not, or cannot give its customers. For example, if a woman of means wants to buy a coat for a little girl, she does not want to get into the crowd of a big busy store and try on several coats. She goes to the store herself, picks out several coats, has them sent to her home, and tries them on the little girl, and returns those which she does not need. She is perfectly willing to pay an extra price for the goods to save herself the annoyance and inconvenience of all this wearisome detail at the store.

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Remember, there are so many well-to-do, aristocratic people in every locality, town, city and state of this whole country that their trade means fortunes to the merchants who get it. This class is more and more willing to pay for extra attention and extra accommodations.

Few Strictly Cash Stores

Ninth: There are very few strictly "cash" stores, although many stores are widely advertised as such. Most "cash" stores do a more or less limited and conservative credit business.

WHAT, THEN, IS REAL QUESTION?

The real question for every retail store to answer is not "Shall I do a cash business, or a credit business?" The real question is, *"How can I handle both my credit and my cash business in the most profitable manner?"* That is, "How can I handle my cash business so quickly and accurately that a constantly increasing number of people will want to trade at my store, while I will not be subject to serious losses through dishonesty or carelessness in handling cash, or for any other reason? How can I also handle my charge customers so that the long time credits will be cut out, I will have but a small percentage of 'slow pay' and practically no 'no pay' customers?" This is the real problem. The following is the way in which this problem is being successfully solved.

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Handling Cash Trade

The cash trade is handled by the use of the cash sales book, requiring each employee to make an accurate definite record of every transaction, putting that sales check on file, so that you—the merchant—will know exactly what is being done in your store. Just as sure as the sales person begins to get careless about writing out the sales check for a cash sale, that is your signal to be on your guard. Carelessness breeds irresponsibility; irresponsibility breeds dishonesty. It isn't any use to mince words or save "tender feelings" in a matter of this kind.

This does not, however, infer, or even suggest that all sales people or your sales people are dishonest. It merely says, and says it plainly and distinctly, that in modern business dealings the clerk who desires to keep his own record absolutely clean will for his own protection write down a record of each transaction in which he takes part.

Handling Credit Trade

The credit trade is handled in such a way that an accurate record is made of each sale at the time the sale is made—memory is not trusted—forgotten charges are too dangerous and prevalent a source of loss under the old "day-book-ledger" method. A record of each customer's account should be where the merchant can see it at a glance without hunting for it. This is best accomplished by the Systemat, a unique method of filing sales checks in such a way that the name of each customer and the total amount of her purchases since last payment are always vis-

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ible to the proprietor, but not to the customer. This "Short Credit" system gives the proprietor complete, accurate, instant information about each customer's account, each transaction of every kind, each day's total business, and the total sales for each week, month and year, and shows him whether they are credit or cash, how much and when each customer is in the habit of paying and whether each customer's purchases are running smaller or larger than usual.

All Arguments, Both Sides

No retailer should depend on "hearsay" in settling any question. He should get all of the arguments in favor of doing business for cash only; he should also get all of the arguments against doing business for cash only. Then he should get all of the arguments in favor of doing a credit business and all of the arguments against doing a credit business.

In this way when he understands all sides of these two questions he can then come to a decision that will be sound and permanent—a decision that may prove to mean the difference between success and failure. The above facts are presented in the hope and with the firm belief that they will contribute materially to a better understanding of the real nature of the "Cash or Credit" controversy.

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CHAPTER VI

RETAIL ADVERTISING FOR ANY STORE

If you have the biggest department store in New York, or the smallest grocery store in Walla Walla, a general store in Four Forks, or a hardware store in Birmingham, you can get some information out of this chapter which will prevent some of your advertising losses, and help you make your advertising more effective.

Newspaper Advertising

It goes without saying that the largest proportion of retail advertising is done in Daily and Weekly newspapers.

Retail merchants often make the same mistake with advertising that they sometimes do with charge accounts; they do not handle advertising as if it were actual money, a real ten-dollar bill right in their hands.

Too often they sign a year's contract for advertising in a newspaper, and then as soon as the novelty wears off, and the drudgery of filling the space with copy comes on, they regard that advertising as a necessary evil, just like bookkeeping. When advertising is viewed in that light, it cannot produce its best results, nor can it succeed.

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First let us try and understand "the art of convincing" through advertising whether in newspapers or any other kind of medium.

First Principle of Writing

A large percentage of the retail advertising in newspapers is unproductive and unprofitable. The merchant who is doing the advertising *thinks of himself,* rather than of the people who will read his advertising. The very first principle of writing good advertising is to forget yourself and forget your store, and *fix clearly in mind your readers.*

One big store in New York is said to spend one million dollars a year in advertising, while another big store is said to spend less than one hundred thousand dollars in advertising. The one who spends a million is talking ABOUT HIMSELF all the time; the one who spends one hundred thousand dollars is talking TO ITS CUSTOMERS.

Do you get the distinction and meaning? Let us go over it another way, so that you will understand, and feel, and realize the enormous difference of the two kinds of advertising.

The Art of Convincing

Some time, when you were listening to a great orator, his manner was so frank, and his words so plain and simple that you felt that he was somebody just like yourself; you felt that you could get up there and do just what he was doing. You did not realize that he was trying to convince you, and argue you

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down. You were not resisting or arguing back. You felt that the two of you were just talking things over together like two old friends. When it was all over and days afterwards as you thought about it, it would dawn upon you that you had accepted all that he said as truth, and without resistance, you had believed as he believed.

Talking About—Talking To

In other words, you were both on the same side of the fence. Now that is the exact difference between an advertiser who talks to his customers, and an advertiser who talks about himself. One breeds confidence, belief, friendliness, unconscious acquiescence; the other breeds scepticism, and resistance. So much for your own frame of mind while you are preparing an advertisement.

Nature of a Newspaper

Second; let us consider the nature of a newspaper. Says Helm, in the *Saturday Evening Post:* "News ages more rapidly than any other article known to mankind. Born in the morning, a story reaches maturity in mid-forenoon, shrivels at the meridian and dies on an inside page of the baseball extra. The grass, which grows up in the morning and is cut down in the evening, has the longevity of Methuselah compared with an ordinary news story unsustained by the pap of increasing developments."

Seven or Eight Minutes

How long does the average person read a paper every day? Did you ever hold your watch on a number of different people? Try it, you have some-

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thing to learn which will interest you. Probably the average time does not exceed thirty minutes each. Did you ever note carefully a great number of people and find out what part of the paper each was reading? Try it also. That will surprise you. Probably taking everybody into consideration, about seven or eight minutes of the thirty are spent in reading the advertisements, while twenty-two or twenty-three minutes are spent in reading the news.

Ten Seconds Reading Your Advertisement

You then have only your share of the seven or eight minutes. The average newspaper contains from eight to twenty pages; those pages will contain from fifty to three hundred advertisements. If your advertisement is an average one, it may get one-fiftieth of the seven or eight minutes; that means that you can count on not quite ten seconds of the reader's time for your advertisement.

That puts a different light on it, doesn't it?

Did you ever attend an amateur theatrical at one of the regular theatres and see how each "would-be" actor, who is getting his trial, will rush on to the stage and work for dear life trying his hardest to "make good" with the audience? You will notice that the one who gets the most encores is the cleverest person in making use of the first ten seconds of the three minutes allotted to him.

Must Catch Eye First

Now your advertisement—every advertisement, no matter if you use a full page or ten lines, no mat-

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ter if it is your first advertisement or you have been in the paper for a quarter of a century—is on trial, and has a ten-second chance. If it doesn't catch the eye and interest the reader at the first glance, it is lost, and figuratively speaking "gets the hook."

Competition for Reader's Attention

You are not only competing with every other advertisement in the paper, but you are competing with every item of news in the paper. Any day there is apt to be some piece of news of a startling nature, and your advertisement may come next to that piece of news so that the reader's attention may be carried past your advertisement because the general interest is so great in reading about the catastrophe or other important happening.

Circulation Among Your People

Third: Now that you understand the difference between writing about yourself and writing to your customers, also since you have had your attention drawn to the nature of a newspaper, the question is "How much of the newspaper's circulation goes among the people who now trade, or can be made to trade at my store?" Circulation anywhere else is of no value to you.

You cannot answer this question until you figure out the average class of people who read the particular newspaper which you are thinking about. Then when you have that settled, you must figure out the average class of people who live in the locality from which you draw your trade. After that,

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you must decide on the kind of goods, and the kind of a store that you run. *Then you can decide what proportion of the people in your locality who might trade at your store read the newspaper which you are considering.*

Realize Actual Conditions

This process of elimination is followed out so accurately for the purpose of making you view the facts, and realize the actual conditions which you have to meet in order to get the most profit out of your newspaper advertising.

Read Other Advertisements

Fourth: You must keep in touch with what other merchants are advertising in the newspapers that you are using. If every day they have more attractive advertisements and are describing the same kind of goods that you are offering, and are making that advertisement more interesting than yours, and also are quoting lower prices on the same goods than are quoted in your advertisement, then you are just butting your head against a stone wall.

Brains in a Bone Vault

Brains are not made to lock up in a bone vault. Brains are made to use. Not after somebody else has used them nor at the same time that somebody else is using them. The chimpanzees use their brains that way. Brains are made for thinking ahead, for planning in advance, for anticipating, for directing the course of your advertising and of your store in such a way that you are always "doing it first," then letting the other merchants copy you.

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Are you saying that "The whole thing is too complicated, you cannot understand it, you are not an advertising expert?"

Successful Advertising Is Simple

In the first place, the proprietor of the store must be himself. Every man is made different from every other man. If in his advertising a man is himself, then his advertising will have a personality of its own.

Most advertisements that you see are "over-written." The merchant is trying to do something "grand." The public detects insincerity and sophistry and fallacy just as quickly in an advertisement as in a sermon or a political speech. One of the first rules of successful retail advertising is—

Display in big type the name of the article and the price at which you are offering to sell it

If you do that, then the people who are interested in that article will see that part of your advertisement. If your advertisement is to occupy a page, then the eyes of the various readers as they glance at the page unconsciously will light on the headlines and prices of the goods in which they are interested.

You can put as complete a description of the goods as you wish in small type. The person whose eyes see the headlines naming the goods which she wants can then spend her time in reading the small type, whereas the people who are not interested in that kind of goods will, of course, not read such fine print —or any other print in an advertisement—unless

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they know that the goods which they want are being described, or going to be described.

How Much to Spend

"How much shall I spend in newspaper advertising?" As much as is necessary to make your business grow the way it should—but first see that your business has the elements of growth in it. The business can be advertised most successfully which will grow the fastest without any advertising. A dead business, or one that is going backward, is the hardest one to advertise successfully. It is like pouring water in a well to try to pull a dying business out of the ruck by advertising alone. The business should be renovated and reorganized so that it will begin to attract attention and draw trade; then, and not until then, is it safe to invest very much in advertising, either in newspaper advertising or any other kind.

Five Per Cent. of Gross Sales

One big department store, reported to spend a million a year in advertising, is said to do a total business of $21,000,000.00 annually; hence it spends only 5 per cent. of its gross sales.

As a general rule, particularly for the small merchant, from two to five per cent. of the total sales —depending on local and individual conditions— is an average amount to put into advertising.

How Often? How Big?

"How often shall I advertise?" and "How big shall I make each advertisement?" These are two

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questions which retailers everywhere are constantly asking.

The answer to the second part of the question is, every advertisement should be as large as its importance justifies.

The answer to the first part of the question is, you should advertise as frequently as you have anything to say or to offer in which the public will be interested.

How to Write Advertising

Most people make hard work of writing advertisements. They say they do not know how to begin, or how to end, or what to say which will interest the public.

Well, what have you to sell? What are the things which the public are buying in your store? They come to the store, look over those things, talk with you about them and buy them, do they not? Then they must be interested in those goods. They are not interested in you, or what you say about yourself, or your honesty, or your superiority as a merchant, or a lot of other drivel which so many merchants befool themselves into thinking that the public swallows. The public is in the market for certain goods, they want to buy those goods to the best advantage; you have those goods for sale; let the public know it in the simplest and most direct way possible.

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Beans, 11c Qt.

If you want to sell beans, and the public wants to buy beans, put an advertisement in a newspaper with the word "beans" in big black type, and below or on the side "11 cents qt." in big black type. Below this heavy display describe the beans, saying exactly what you would tell a clerk, or a customer, about those beans. If you are going to sell the beans in a particular way, explain it. When you have said all that comes to your mind, stop; do not keep on with a lot of talk which the public will discredit.

The above would be a good advertisement for selling beans. The same kind of an advertisement would sell anything.

Advertising Has Been Misrepresented

Advertising has been grossly misrepresented and misunderstood. The sooner it is understood, the sooner you and every other merchant get a clear understanding of what advertising actually is and exactly what it will do, the more profitable it will be. In the earlier days of advertising, it was used to mislead. Some foolish merchants who are way behind the times now are still using it in an effort to mislead the public. That kind of advertising is out of date, the public understands it, only a few ignoramuses believe it. What is far more important: such advertising heralds to the public the kind of store which is doing it. It is as if word should go out secretly to all the people in the town that a burglar was coming to town, that he had a black mustache, was heavy set, and wore a brown coat. Every-

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body would be on the lookout for a man answering to that description. The first one who saw him would telephone the police station.

Fake Advertising Unprofitable

Exactly the same thing is true about exaggerated, untrue and fakey advertising. The public does not telephone the police station. It does not always say even to itself that the advertising is unreliable. It merely lets the store alone which advertises in that way. If it does go to such a store, it does so with the feeling that every person must be on his guard, and watch his pockets carefully or he may lose something.

Vary the Size

The sizes of retail advertisements should constantly vary; since the paper is a "news" paper, and since all successful advertising in such a paper must be "newsy," it follows that the size of the advertisements must constantly vary with the importance of the announcement being made.

Change Copy Daily

Some old-fashioned papers still give a big discount if the merchants will let an advertisement run without change for a week. Such papers simply kill the goose that lays the golden egg. A week, or even a two-day old newspaper advertisement is a monstrosity; it reflects on the stupidity of the merchant, and the asininity of the newspaper.

All of the above is said in a spirit of helping the newspaper as well as the merchant.

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A Great Power

Newspaper advertising is a marvellous power. It is the modern gatling gun by means of which the ambitious merchant fights his way to supremacy. Every day, or every week, it carries his story to the public at a mere fractional cost of getting that story to the same public in other ways.

Furthermore, there is a psychological reason back of the success of newspaper advertising as against other kinds of advertising. It is this. The reader of a newspaper has paid his money for that newspaper; it is not given to him, it is not something he does not want; he has bought it, thereby setting a value on it.

Buy Papers for Advertisements

Do people buy a paper for news alone? No; they buy it partly for the advertisements which it contains. Don't forget that fact. Many, many times a newspaper in some big city has had a quarrel with big department stores, whereupon the stores have ceased to advertise in it. What was the result? The newspaper lost so much circulation that it has invariably capitulated and fixed up the difference with the stores.

What made it lose the circulation? The public is so interested in reading the store news, that it would not subscribe for a newspaper which did not carry the store news.

This is particularly true of all newspapers in towns of 25,000 and over.

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If a certain store in Chicago which is said to average fifty thousand sales per day—that probably means that five hundred thousand people are in the habit of glancing at this store's advertisements every day in the various Chicago newspapers—should stop advertising in one of the Chicago newspapers, many of the people who are in the habit of trading at this store would stop taking that paper. The store knows that, so does the paper.

This is strong evidence that the public is glancing at the advertisements in the newspaper, hence every advertisement in every newspaper should be so arranged that it will hold for a moment the attention of the readers and thereby get them interested in the goods offered.

The Paper to Use

Sometimes a merchant asks: "Shall I use a Morning or Evening newspaper?" That is for the merchant to decide. The paper should be used, whether morning or evening, which is read most by the merchant's customers.

How will a merchant find out which paper his customers are reading? In the simplest and most direct way. He has the addresses of his customers. Drop them a letter with a stamped postal card enclosed, asking them to reply on the card naming the paper which they read. Anybody could think of that, but why don't they do it?

A merchant will spend money in a newspaper for twenty years and never once think to ask his customers what paper they read regularly.

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Canvass Your Section

It isn't safe to depend only on what your customers say. Some other store may have five times as many customers in the same locality as you have. The other store may have gotten those customers by advertising most in the paper which was read most in that part of town. Instead of year after year spending your money blindly, why don't you hire some reliable woman to make a canvass of your section of the town, or of the whole town, asking each woman what paper is read in her house? It wouldn't cost much, and when it was finished you would then invest your money in advertising, not blindly, not on a gamble, not without information, not on a guess or theory, but upon definite tabulated facts.

Number of Publications

Did you ever stop to think how many newspapers and other publications there are in the United States, her Territories and Canada?

At the beginning of 1912 there were:

17,258	Weeklies
3,075	Monthlies
2,600	Dailies
650	Semi-Weeklies
287	Semi-Monthlies
235	Quarterlies
77	Bi-Monthlies
75	Tri-Weeklies
59	Fortnightlies
19	Others
24,345	Total

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Newspaper Advertising Expenditures

How much money do you suppose is spent annually in advertising in the twenty thousand or more newspapers in the above list?

The Dailies

The most successful newspaper in New York City counting advertising revenue—receives for its advertising in its Sunday, Daily, Morning and Evening and Weekly editions, upwards of $3,500,000.00 annually.

There are probably twenty newspapers that take in $2,000,000.00 each in advertising; there are about one hundred more that take in $1,000,000.00 each; there are about three hundred that take in $100,000.00 every year; there are about one thousand which take in $15,000.00 every year, and the balance would probably take in about $5,000.00 a year apiece.

This makes a total of about $191,950,000.00 per year in the Daily papers alone. Most of this is spent by retail merchants who watch results every day.

The Weeklies

There are 17,000 Weeklies. The maximum price would be $4.00 or $5.00 per inch. The minimum price in the smallest Weekly is about five cents per inch. A fair average would be $100.00 per week for each paper. There are 17,000 papers. That makes $1,700,000.00 per week for the Weeklies or, $88,400,-

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000.00 spent for advertising in Weekly newspapers. Add to that the $192,000,000.00 spent in the Daily papers—You have for the Daily and Weekly newspapers alone $280,000,000.00 annually. This does not include the $85,000,000.00 spent annually in magazine advertising, or the $60,000,000.00 in Farm and Mail Order Journals, or the $25,000,000.00 in Trade Journals, or the $25,000,000.00 in painted and electric signs, etc.—a grand total of about $685,000,000.00 annually.

Does Newspaper Advertising Pay?

Does it pay to advertise? The best answer is that during the year 1911 there were one hundred and eleven new publications started. If the advertisers did not think that it paid them they would stop their newspaper advertising, and a good many newspapers would discontinue.

The power of the press is incalculable. The whole country is swayed back and forth by the news which the press spreads out before it every day. The merchants have learned that this great power is a magnet which can be used successfully to make their stores an ever-increasing success.

Who Pays for Advertising?

Who pays for the advertising? Does the store pay or does the customer pay? In answer to that, here is another question. Did you ever know of a store increasing its prices when it began to advertise? Look around through your home town and see which store sells for the lowest prices. Are they the advertising stores, or the stores which do not advertise in newspapers?

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Let us go a step further. Did you ever know a manufacturer to raise his price when he began an advertising campaign? On the contrary, have you not known many manufacturers to increase the size of their packages, or improve the quality of the contents after they have been advertising for some time?

Advertising Is an Economy

The fact is that advertising is an economy. It reduces the cost of selling, it increases the output to such an extent that the price can be reduced.

Other Advertising

There are numerous other ways of advertising which can be successfully used under particular conditions favorable to each by retailers.

Some of these ways are—

1. Circulars, booklets, store papers, dodgers, etc.
2. Mailings, postcards, enclosures, etc.
3. Bill boards, signs, bulletins, etc.
4. Street-car advertising.
5. Show cards, window and store displays.
6. Sales plans and schemes.
7. Charity advertising.

Let us examine each one of these kinds of advertising.

Circulars, Booklets, Store Papers, Dodgers, etc.

1. Throughout this book we have tried to look every situation squarely in the face and treat it with absolute frankness. The truth may sometimes hurt,

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but the backbone of the whole business world is business integrity. There can be no business integrity if only one side of a situation is explained or understood.

All at Sea

It is a fact that there are many retailers who cannot successfully do newspaper advertising. The rates of the paper published in their locality are so high, while such a small amount comparatively of the circulation of those papers is in their territory, that it would be foolhardy and commercially suicidal for them to attempt newspaper advertising. Such stores are handicapped. They must advertise. They know it. But when it comes to making up a plan of advertising to order, instead of using "ready made" newspaper space, they are all at sea.

Furthermore, in big cities, the retailers are often further handicapped by municipal ordinances which make it a misdemeanor to distribute advertising matter indiscriminately. Such ordinances usually require the advertiser to put his advertising matter in an envelope, address the envelope with a name, and put the envelope in the hall mail box.

Talk Directly To

In other localities, an ambitious retailer may find that the newspaper is so weak, that no matter how he advertises in it, he cannot get as large results as he wants. In other places, a retailer will be in a suburb, or the outskirts of a city, with a small but prosperous community right around him. With circulars, and other advertising matter of that kind, he

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can, at small expense, reach all of the possible purchasers that might be induced to trade at his store. Much of the circular advertising fails, just as much of the newspaper advertising fails because it TALKS ABOUT the retailer who is doing the advertising instead of TALKING TO the customers whose trade the retailer wants.

Describe the Goods

When you write a circular letter, don't tell the story of your life, or brag about your store, or say much about its being better than other stores. Just describe the goods which you think your prospective customers may want. Make that description interesting and educational. Advertise seasonable things. Don't try to make the talk "grand" or "wonderful" or "marvellous" or the "best in the world" or "the lowest prices ever heard of," or any of the balance of such con. Just simply talk in your usual manner. Remember that you are living every day in contact with your customers. If you were a general advertiser in some far-away city, you might possibly spread it on thick. Don't forget that "A prophet is not without honor save in his own country," which means that nobody is ever looked upon by the people they meet every day as a "hero," or "great man," or as being "superior" in any way. Customers always look upon their home retailer as just "Johnson," or "Brown's," or, sometimes, plain "Bill."

Realize this fact. Write your circulars with as little as possible said about yourself and as much

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as possible of simple, sincere, enthusiastic language about the goods which you are offering—and see that the goods come up to their description.

When to Expect Results

One circular doesn't bring success any more than "one swallow makes Spring." When the housewife receives the first circular from a firm, something like this may flit through her mind: "Hello! Brown is advertising." That is as far as she gets. The circular is swept out. The next time a circular comes from Brown, she says: "I wonder what Brown is advertising." The third time she says: "Brown must be offering something good, or he wouldn't keep advertising so much." When the fourth circular arrives, before she reads a word in it, she says: "Hello, here is another circular from Brown; I must see what he is advertising."

From this stage on, each circular should be profitable. Some retailers can write a circular which will get that attention at the very first start. Some others get it with the second circular, or the third, or the fourth. It will come to every retailer if he is offering good values and advertising TO HIS CUSTOMERS, and not always talking about himself.

Store Paper—Continuous Advertising

The value of continuous advertising has been so clearly proven that many stores now publish a store paper, which they issue every month, or twice a

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month, or every other month. In publishing a store paper, the same general rules should be observed as described above regarding circulars. Every paper must be so interesting to the customer that she will look for it, and come to the store and ask for a copy at the usual time of publication, if the storekeeper misses her when distributing the paper from house to house, by messenger or mail.

Package Enclosure Slips

No package should ever leave a store without some neat, appropriate slip, advertising special goods, special service, or a special department. Some modern sales checks are so made that the retailer can print on the back such special advertising matter. In addition to this, however, a dainty printed announcement should be at the wrapper's elbow—no matter whether the store has a special wrapper, or whether each clerk does his own wrapping—and every wrapper should be compelled, under penalty of a fine, to automatically pick up one of these slips and enclose with each package of goods wrapped. Such slips, or dodgers, or special announcements should contain just a reference, and should be made like the headlines of a newspaper, to attract attention, even as the slip flutters to the floor when the package is unwrapped.

What Enclosure Advertising Does

A weak department can be bolstered up, new goods can be introduced, particular methods of buying can be encouraged, an evil can be corrected,

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customers can be brought into closer personal relations with the store, and everything be made to be more harmonious, more successful and more profitable.

Mailings, Postcards, Enclosures, etc.

2. Many retailers have found that it is very profitable for them to get up a mailing list of people in their community whose trade they want. They mail their circulars and store papers to this list. They also make special announcements on postcards, and send special multigraphed or printed letters. These letters, instead of being talk about themselves, are good advertisements, offering special services, or special goods, or special prices. Such mailings are particularly effective on R. F. D. routes, and in localities where customers are not changing addresses too often. In big cities, however, where from ten to thirty per cent. of a store's customers move every year, it is expensive to keep up a mailing list. If it is not kept up, the waste of postage and advertising makes it almost prohibitive.

In big cities the retailer makes an arrangement with the newsdealer or the man who distributes the papers from house to house to enclose in the Sunday paper, or in the Morning and Evening papers, his circular or store paper. This also is subject to a good deal of loss, unless the newsdealer or paper carrier is reliable. However, this method of distributing advertising matter has proven so successful that it is widely used.

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Bill Boards, Signs, Bulletins, etc.

3. In country districts the fence sign has been used with success. In some towns, progressive retailers, especially those with a chain of stores, have found bill boards effective. Where there are enough stores in the chain, very effective posters, similar to those pasted on the bill boards, can be used for window signs or wagon displays. These posters announce the "specials" for the week. Of course, most stores will try to have a big sign on the front of the store, or a painted sign on the side of the wall which can be seen at a long distance.

The bulletin is sometimes simply written on a blackboard, or on a big sheet of paper hung in the window or around the store. It is strange that every retailer does not take a big sheet of wrapping paper and write down the names of a dozen or more articles and their prices and hang that sign up in some conspicuous place in the store. The goods don't have to be on special sale; the prices don't have to be cut; elaborate descriptions don't have to be put down. This bulletin will be the keynote for the day for the clerks. This bulletin, if you have the right relations with your clerks, will be the suggestion to the clerks to call the attention of the customers to the things mentioned on the bulletin.

Furthermore, the customers, many of them, wandering aimlessly about the store waiting for their package, or waiting for some clerk to look after them, will glance at this bulletin and select, unconsciously, some of the things mentioned. It will also be a reminder to some of goods needed.

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Street-car Advertising

4. Few people realize the enormous amount spent in street-car advertising—twelve million dollars annually. More than ten billion fares are collected on street cars in the United States annually. One advertising card in each car for one year will cost about $180,000. The rate varies for each card in each car, providing all the cars on each line are used, from forty cents to sixty cents per month per card for a full year; from forty-five cents to sixty-five cents per card per month, if the advertising is only run six months.

When only half the cars on any line are used, an additional charge is made. If only one-quarter of the cards are used, then a still greater price per card per car per month is made.

The important thing for a retailer to remember about street-car advertising is, that he should say something definite—worth saying—in every card. He should not waste his space merely with pretty pictures. He should not let the same card run month after month. Street-car advertising should be educational and argumentative.

Showcards, Window and Store Displays

5. In the chapter entitled "Big Store Methods," you will see it stated that one store in New York spends $80,000 per year in decorating its windows and counters. The modern principle of successful window decoration is to display the actual goods in the most attractive manner.

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Many manufacturers spend great sums of money for multi-colored window displays. The most progressive stores will rarely use such window displays. The little stores, or the unprogressive stores fill their windows with these displays, because they do not yet know that a store will sell more of any kind of goods if it will arrange the goods themselves in a window, than it will sell if it displays in the window the cutout, sign, hanger, or transparency which the manufacturer supplies. Probably an effective way in some stores would be to use the advertising matter as a background, with the goods displayed attractively in the foreground.

Sales Plans and Schemes

6. The wide-awake retailer is cudgelling his brains all the time to work up new ideas for special sales. He tries "Anniversary" sales, "Opening Day" sales, "Harvest" sales, "Clean-Sweep" sales, "Stock Reducing" sales, "White Goods" sales, "House-furnishing" sales, "Red-tag" sales, "Hour" sales, "Home Week" sales, "Sample" sales, "Souvenir Day," "Reorganization" sales, "Store Remodelling" sales, "Invitation Day," "One to a Customer" sales, "Free Sample Day," "Pre-inventory" sales, "Introductory" sales, "Telephone" sales, "Friday Bargain Day" sales, and a thousand others.

Trading stamps and premiums of a hundred different kinds are used—some successfully, some unsuccessfully; some successfully by some stores, and others unsuccessfully by some stores. Most things

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of this kind are successful or unsuccessful according to the way in which they are operated by the dealer. Any retailer who has any initiative or originality, can think up a hundred different little tricks or schemes for attracting attention and drawing trade. They cannot be described here, because a whole book could be filled with such descriptions and it would contain only such as had been done. New things are being thought of and tried out every day in every part of the country.

The tendency, the willingness, the eagerness to get hold of new ideas, is one of the healthiest signs of progression in any retailer. A dealer who does not have this wide-awake desire, ought to sit down with himself and do some hard thinking as to whether he is not getting old, or going down hill, or falling behind, or needing a rest.

Charity Advertising

7. There is a great deal of advertising done by retailers for charity's sake. It may be a desire to help a church, or a society, or a club, or a friend; on the contrary, it may be a fear of losing the patronage of a church or society, or club, or a friendly customer. Such charity advertising is usually in the form of a program, or paper, or annual, or class book and similar advertising.

There are various ways adopted of turning down solicitors of this kind. In the larger stores the advertising manager can say, "The directors will not allow me to spend money in that kind of advertis-

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ing." Another common excuse is, "My advertising appropriation is all contracted for." Still another way is to say, "Mr. So and So has full charge of my advertising; take it up with him." For whatever reason the merchant turns down such solicitors, he should do so in such a way as to keep the solicitor friendly towards his store.

Still Other Kinds

There are, of course, many other ways of advertising, such as painted signs, electric signs, theatre programs and curtains, hotel registers and writing tables, moving picture slides, etc. Then there is also "sample" advertising.

Newspaper advertising is undoubtedly the least expensive and most effective for any store so situated that it can successfully advertise in newspapers. The other stores must work out their advertising along the lines mentioned above.

Cuts Out Haggling

Go to any country where they do not sell their goods by advertising, and what will you find? You will find the travelling man arguing and dickering and haggling with the merchant. You will find the store salesman arguing, and dickering and haggling with the customer.

Time is money. In America the manufacturer advertises so that his own men can make quick sales, and his customer, the retailer, can also make quick sales. The retailer advertises so that his clerks can

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sell four or five times as many goods per man, or per woman, as they could if he did not advertise. The great problem in this country is to increase the efficiency of the salesman; advertising has been the most successful means of increasing that efficiency. Hence the retailer who successfully advertises, makes his clerks more profitable, and by increasing his output, makes it possible to buy more advantageously. Hence, it cuts down his costs and increases his profits.

The merchant who does not get these results from his advertising is not doing his advertising in the right way. He is wasting it. The thing for him to do is to find out how he is wasting it, and then change his methods so as to eliminate the greatest possible amount of that waste or loss.

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CHAPTER VII

THE FIGHT FOR MORE BUSINESS

Business is a fight. Success belongs to the strong. The careless and ignorant and self-satisfied and lazy and unprogressive are all handicapped. They seldom win.

Competition is keen; to some, it is fierce, to all it is relentless. You cannot get away from it, it is there all the time. Some other firm waiting to take your customers; some other salesman waiting to step into your shoes; some other bookkeeper watching for you to make a mistake; some other merchant with his eyes on your health or your habits.

Business Sees Everything

Business is so organized that its eyes are on all sides; it sees everywhere. The president of a billion-dollar corporation visits a gambling place a few times and is deposed from his exalted position. A broker's wife runs up a big bill at one store and then neglects paying. She goes to another store, and a third and a fourth and to the tenth; they all know her record, they will not give her credit.

Capital is everywhere. There is so much money that it is seeking investment in every line of busi-

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ness that will give a safe and adequate return. The man who can prove to capital that by the expenditure of one hundred thousand dollars in advertising he can greatly increase the business, will quickly get the capital. With the hundred thousand dollars to spend in getting more business, he begins to make inroads upon his competitors. They retaliate by making improvements in their stores, and in their business, or their package, or their system, and then spend two hundred thousand dollars in advertising.

The mind of the successful business man is alert all the time, looking out for, and working out, new methods of improving service to customers.

The merchant or manufacturer, shipper or jobber, who falls behind in his service for any reason whatever, soon feels his ground slipping away from under him.

Business is not a matter of promise, but of performance. A business man or institution is rated by his productions. If he does not serve his constituency to its satisfaction, that constituency will select some other servant.

There are seven modern weapons used in the fight for more business.

The Weapon, Good Values

First: The first weapon is good goods at a fair comparative price. The buyer must feel that he is getting sufficient value for the money, so that in

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comparison with other goods offered him he will still continue to repeat his orders for those goods.

The Weapon, Good Methods

Second: The second weapon is good methods of handling those goods. It may be a method of selling from manufacturer to retailer, or method of selling from retailer to consumer. It may be a method of handling the goods in transit, or of insuring the goods against loss by fire. Whatever it is, it must be satisfactory in comparison with other similar methods.

The Weapon, Good Employees

Third: The third weapon is employees. They must be agreeable to the purchaser or buyer, courteous, willing, honest, clean, competent. If the employees in one store are below the personnel in another store or other business of any kind, that business will suffer; the fight to hold its customers and get more customers will be just that much harder and less productive.

The Weapon, Advertising

Fourth: The fourth weapon is advertising. This includes not only the newspaper advertising, the street-car, magazine, billboard, sample, novelty, catalogue, or other advertising, but it includes the displaying and decorating of goods so as to enhance their value and increase the desire for them.

The Weapon, Capital

Fifth: The fifth weapon is capital. Capital may be either cash or credit. If one man has one hundred thousand dollars cash, and another man has

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one hundred thousand dollars first-rating credit, the man with the cash has very little advantage over the man with the credit. Indeed, in the long run, for all kinds of business dealings, the man with the credit will be more apt to have the advantage, because the man with the one hundred thousand dollars cash may be a crook, but the man with the one hundred thousand dollars first-rating credit must be responsible. He has lived a life, and made a success to warrant that credit.

The Weapon, Service

Sixth: The sixth weapon is service. This covers a wide range of subjects. In a store, it may be the equipment of the building, a prompter and more accurate delivery department, a more liberal and accommodating credit system, rest rooms, and a thousand and one other things. In manufacturing, it may be more liberality in dealing with the retailer, or more liberal treatment of the public. In transporting, it may be a better organized system, so that goods will go forward in less time and in greater safety. In some other branches, it may be a more perfect organization and classification of knowledge, which would permit a better service to the person who desired to make use of that knowledge. Service is another word for the art of pleasing customers, knowing what they want, and giving it to them, with profit to the giver.

The Weapon, Integrity

Seventh: The seventh weapon is absolute business integrity and honesty. This is the most essential of all.

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With these seven weapons, good goods at a fair price, satisfactory methods, satisfactory employees, effective advertising, plenty of capital, and a service that is pleasing to customers, modern business is waging a relentless warfare.

The Little Retailer

The little retailer may have all of these—and may have them in a more directly usable form than his bigger competitor. The big store has them, and is employing the brains of the greatest experts in modern merchandising to turn out new and more effective ways of putting those weapons into use. The manufacturer is trying to perfect them, the shipper, the banker, the seller, the advertiser, everybody who deals with business is fighting to perfect his business so that in the limelight of modern competition and investigation and publicity it can stand out clearly meriting more business.

Business has no use for the pessimist, or the skeptic or the disbeliever. The man without faith cannot succeed in business. The man who believes in himself, and in business conditions, has the battle half won.

A "Good Morning" Attack

Optimism is contagious. A merchant or clerk can win customers with a simple and cheerful "Good morning" since that reflects genuine appreciation. A waiter can make a dish look appetizing by merely saying, "Doesn't that look delicious"? when he sets it down in front of you.

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Every business man is a general. If he does not think out his plans for the campaign, be it ever so insignificant, that campaign may be a failure.

The World Wants Leaders

Courage is a virtue. It appeals to the human heart. The brave man will always be admired whether he is swimming against a current to save a drowning person or at the helm of a business trying to make it a big success. The world wants leaders. Employees want to work for a house that has a competent and succeeding head.

Winning Is a Growth

Winning is a growth. No one can be a big success in one step. The ability to fight for more business has to be learned gradually. The man who is every day getting a tighter hold on his business, who is making progress, who is pleasing his customers, who is giving them a better service, whose credit is improving among those from whom he buys—that man is winning in his fight for more business.

Thrills the Ambition

What fun it is to win! How it fills the heart with enthusiasm and thrills the ambition! There is nothing more satisfying, more stimulating, more inspiring than to see business, your business, growing day by day, and year by year under your guidance, at first slowly, then faster and faster until you wonder where it all comes from.

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The man who does not have an ambition to fight for more business is already going backward. He will soon be down and out. He need not be considered. The "comer," the "future great," the men who will be the successful ones, little or big, are those who are ambitious to make their business better and bigger—always bigger and better.

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CHAPTER VIII

HOTELS, CAFÉS AND RESTAURANTS

"Where have my profits gone?" is a problem which has many times been forcefully brought home to the hotel, café and restaurant proprietors. Way back in "Ye Olden Times," in the day of the Tavern and Coffee House, the inn-keepers were sorely beset with leaks and losses. To overcome these, and yet have a smooth-running organization, as the business has developed to its present day magnitude, has required a wonderful amount of ingenuity and study on the part of the hotel proprietors and experts.

We might say that it is an art all its own to successfully cope with the situation. Every proprietor has had his own troubles, yet through the great school of experience and the guidance of experts there have been developed ways and means which to-day make it possible for a conservation of profits.

To cover each individual case, or even a small portion of them, would require many chapters. These experiences undoubtedly would make very interesting reading and would open the eyes of many proprietors who to-day feel certain that their former causes of losses have been virtually eliminated. In

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recent years some establishments have been so unfortunate as to lose ten thousand, twenty-five thousand, yes, fifty thousand dollars within a short period through channels which were supposed to have been effectually closed.

Errors Can Be Prevented

Starting with the guest and ending with the paying of the check there is a long line of possible errors and leaks, which, fortunately for the proprietor and all others concerned, can be safeguarded. To write the order, deliver the food and obtain payment therefor, seems a simple matter. To err, however, is human. Mistakes are simple things. To overcome them is equally simple. A simple, accurate method is to use a book that combines an original customer's check and a duplicate kitchen, bar or cigar check by the use of a sheet of carbon paper. These books are made with one pad on top containing a certain number (usually fifty to each pad) of customer's checks, with a numbered stub at the top to prove that all checks are accounted for by the waiter. Below the customer's part of the check is another pad containing fifty or one hundred kitchen, bar or cigar checks, as the case may be. The working of this system is so arranged that the customer's check is placed over the kitchen check or duplicate, and the items written thereon. The duplicates are so arranged that each contains only such items as are required by the various departments, as the kitchen, bar or cigar stand, etc. Each of these departments gets a separate check, while the original checks show the order in its entirety. These divisional

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duplicates are presented to each department, and call only for the goods required from their respective departments, thus giving a voucher to each department for the supplies received. These checks and duplicates may be consecutively or serially numbered, and when audited make a complete control.

The other method of making the sale is as follows:

For instance, an order is given by the patron for wines, food and cigars. The waiter would use one duplicate slip for the bar, one for the kitchen and one for the cigar stand. All of the items on these second slips, or duplicates, would be listed on the original customer's check, which is left with the guest for payment. The original check when paid is held by the cashier, as his voucher. When the audit is made each day, it is made according to the serial or consecutive number. The totals of the original slips must agree with the totals of the slips of each individual waiter in the various departments. In other words, all irregularities are overcome as every department is charged and credited with the slips and amounts as shown. The Guest, or original check is totalled by the cashier before being presented to the customer for payment.

The above system is very elastic and can be used in conjunction with either single or double dies, cash registers, or any other mechanical device that is used for printing or stamping prices on the Guest and Duplicate Checks.

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The book described above can also be used where it is necessary to have two duplicates, one being left in the department and the other left with the checker. By this method an extra control is obtained on the checker, waiter and various departments, thereby making loss by collusion practically impossible.

The above system can also be used where no checkers are employed, and waiters fill in the prices.

The success of this system is made by the use of carbon paper which registers on the duplicates in a different color from the original the articles and amounts shown on the original. Any change, therefore, from the original entries is clearly and convincingly shown. It makes collusion, irregularities and errors practically impossible.

This is only one of the many systems used in hotels, cafés and restaurants which make for the smooth running of these institutions. In every part of the hotel a clear record must be made of every transaction. In these records the use of carbon paper has come more and more to be looked upon as a success-producing requisite.

"Tell-Tale," "Tear-Off," "Block and Stub"

The tell-tale system, the tear-off slip system, the cafeteria check system, the block check and stub system are designed to meet the conditions in various kinds of "quick service" restaurants and lunch rooms.

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Quick-lunch Counter Check Systems

The tell-tale system is adapted to quick-lunch restaurants, barber shops, bars, etc. This system consists of checks with stubs, each being numbered consecutively. On the check is printed different denominations from 5 to 60 cents, as a rule, although they may be furnished in other denominations. These checks are put in pads from 50 to 150 and are wire stapled together. One hundred and fifty of these checks are put in the waiter's individual holders, with the stub locked in by a key held by the proprietor. The pads in their holders are given out to the waiters and a record of the first and last serial number is made on a record sheet. With this record, each waiter is held responsible for the accounting of each check given to him. A punch is also furnished each waiter, with which he punches out the amount representing the purchase. The highest amount punched represents the amount to be paid the cashier.

The tell-tale system is a double safeguard control. It safeguards the honest employee against injustice and suspicion and facilitates the quick and accurate accounting at the end of the day's business. The tell-tale system makes it very convenient for a corporation that has several restaurants or lunchrooms. Each branch can send its checks to the auditing department, to be assorted and checked up with the daily report sheets. The totals of these sheets are then entered in the monthly auditing book, which shows at a glance the amount of busi-

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ness which each individual waiter and each store has done.

The cafeteria system is very similar to the tell-tale system, except that the slips are given out at the door only and punched by the waiters or countermen instead of being carried by the waiters.

Other Systems

The tear-off system consists of a check serially numbered, bearing various denominations with the lowest amount at the bottom. Between each amount is a perforated line. As the purchases are made the amounts are so torn off that the bottom amount represents the amount to be paid the cashier.

The block check and stub system consists of pads of checks of various denominations serially numbered. These checks are given out by the cashier in advance of the purchase.

System for Soda Fountains

The following system has proved most successful in a large number of stores. Each store is furnished with a number of checks printed on cardboard with a perforated stub and padded 50 to 150 in a pad. Each pad is of different denominations, from 5c to 25c. These pads are locked in a holder and these holders are placed in a stand on the cashier's desk. Customers wishing to purchase goods at the soda water counter, apply to the cashier first for a check and pay for same, the stub of said check remaining locked in the holder. The check is then taken by

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the customer to the soda fountain, where she receives her goods upon presentation of this check. These checks are serially numbered and are audited each night by the proprietor.

Another system in vogue is that of having these same checks at the soda water counter and the dispenser hands the check to the customer, who in turn pays the cashier the amount of the check, just the reverse of the above method.

The former method is considered preferable as there is no chance for the customer to get his goods without first paying for them. With the latter method it has been found that some customers either intentionally or otherwise will leave the store with the check, and without paying.

All of these systems work toward one end—viz., the prevention of loss from any source.

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CHAPTER IX

CREATING PUBLIC CONFIDENCE

One of the most important and persistent questions that has ever come up in America, is the relation between the public and the "Service Corporations." Magazines write about it. Newspapers devote much space to it. It is made a plank in the platform of political campaigns. It is an every-day topic of discussion whenever men meet.

In many localities they already have municipal ownership of water and light companies. Quite generally, there is discussion of "Municipal Ownership," "State Regulation," or "Government Control."

Corporations Are Encouraging Confidence

Indeed this question has become so acute, and the public is so excitable over it, that many of the local monopolies, or public service corporations, are taking it upon themselves to handle their business with the public in such a way as to allay suspicion and create confidence.

Meter Reader's Duplicate

Certain gas companies are providing a duplicate check for each meter-reader to use in his work. As

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he reads the meters in houses, stores, factories and other places using gas, he marks on four dials printed on the check—these dials being exact duplicates of the dials on the meter—the exact reading of the meter, puts on the date, signs his name. He tears off the duplicate of this check, and leaves it with the consumer or user. The reader does not compute the bill; he simply gives the consumer a record of exactly how the meter reads. These consumers' duplicate checks are kept; each month the consumer can subtract the last previous reading from the new reading, and figure the exact amount of gas which he has used. In this way he can always tell whether his bill is right, and whether he has actually used the amount of gas for which he has been billed. If he is very particular, he can read the meter himself before the regular gas inspector or reader leaves his place. Just as a person who travels on a mileage book usually glances at his book to see how much mileage is in it when he hands it to the conductor, and then glances at the book when it is handed back, to see if the conductor tore out the correct amount for the distance to be travelled.

Coal, Coke, Charcoal

In New York State, there is a law—Paragraph 384 and Paragraph 389, Chapter 825, Laws of 1911, which reads:

"No person, firm or corporation, delivering coal, coke or charcoal, shall deliver, or cause to be delivered, any quantity or quantities of coal, coke or charcoal without each such delivery being accom-

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panied by a delivery ticket and a duplicate thereof, on each of which shall be in ink or other indelible substance distinctly expressed in pounds the quantity or quantities of coal, coke or charcoal contained in the cart or wagon or other vehicle used in such delivery, with the name of the purchaser thereon, and the name of the dealer from whom purchased. One of such tickets shall be delivered to the person specified thereon, and the other of such tickets shall be retained by the seller."

Paragraph 389—Chapter 825, Laws of 1911—reads: "A violator of any of the preceding sections shall be guilty of a misdemeanor, and shall upon conviction be liable to a fine of not over $50.00 for the first offence, and not over $100.00 or two months' imprisonment, or both, for the second and each subsequent offence."

Possibly a similar law will be passed in other States.

This is an effort on the part of the law-makers to compel dealers to give evidence to the purchaser with each sale that the purchaser is receiving goods "as ordered."

The Superintendent of Weights and Measures, Washington, D. C., not long ago sent out the following announcement:

"This office has recently had two or three cases where we found short weight coal and the dealers,

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delivering same, were using the certificate of the wholesaler from whom the coal was purchased. This practice makes it difficult for the office to locate the responsibility, as a dealer or his driver may, for some reason, take off some of the coal in transit. I desire to respectfully invite your attention to this matter and suggest that you have printed or stamped across the face of your certificate: 'Not responsible for the weight of coal after it leaves our scales' or words to that effect."

The above illustrates the advantage to the merchant of using duplicate coal tickets or slips which will clearly and positively establish the fact that he, himself, is giving full weight to the consumer who buys coal from him.

The Favorable Predisposition

The modern successful business man realizes that one of the first requisites of success is to create a favorable predisposition in the mind of the purchaser or buyer or the one with whom you desire to deal. A house builds up a reputation for fair dealing and liberal treatment of its customers. It advertises itself to the whole public, in order that when the people come into its store, or would-be customers come into its place of business, or its men visit prospective customers in their own places of business, there will be a favorable disposition toward it and its representatives. The use of sales checks or accurate records is a strong factor in creating a favorable impression toward the house which employs such accurate and business-like methods.

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Protection to Both Parties

In regard to public service corporations dealing in gas, both natural and artificial, water, coal, wood, coke, charcoal, electricity and ice, the use of a duplicating sales slip left with the purchaser is a protection to the company as well as to the purchaser.

It is certain that all firms dealing in commodities of any kind that are under public discussion and subject to regulation, should do everything in their power to let the public, or consumer, or purchaser, see that they are being treated fairly as to the quantity and quality and price. Nothing establishes this confidence so much as a written record which the consumer can study and compare. The itemized "Bill of Sale" given to the consumer, tends to dispel suspicion, and create confidence.

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CHAPTER X

THE GENERAL STORE AND GROCER

The General Store differs from the Grocery Store only in detail. The principles of management are the same. Hence the reader can fit his case with the broad facts outlined in this chapter. For example, the average sale in a grocery store doing $30,000 annual business is about 35c. This means that there are upward of 285 transactions every day. A difference of ¼c in the margin on each sale will make a difference of $213.75 for or against the net results of the year. Suppose the average sale consists of two articles. An extra margin of ¼c on each of those articles would show you extra net profits of $427.50 a year on a business of this size. This clearly demonstrates the imperative necessity of studying fractional differences of costs and selling prices down to the minutest detail. This also applies to merchants of all sizes and kinds.

Knowledge of All Details

Many a small merchant blames himself for not making a bigger success, when in reality he should blame the system which he uses. One of the many reasons why the "Systemat" Short Credit Accounting System is so popular with progressive merchants, is because with less labor it gives him a

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complete knowledge of all the details in his business. With the "Systemat" he can keep a close tab on everything. It warns him against overpurchases, too long credits, C. O. D. transactions, future deliveries, and shows him in three seconds what proportion of his total capital is tied up in outstanding accounts, whether those accounts have exceeded the safety limit, and which particular customers should be seen immediately.

With this detailed, accurate, up-to-date knowledge of your business always before you, you have such a control of your entire business that you do not have to "guess" and "wonder" how you are getting along. You KNOW—and knowing, you are able to act quickly and wisely.

With such practical knowledge the small store will become bigger, innate business ability being conceded. Without such a system of accurate knowledge of detail, even big businesses backed by ample capital, plus much innate ability, will have trouble to hold their own, if they do not actually fail.

Two Other Essentials

Watchful care and rapid economy are essential. This does not mean that the wise merchant is niggardly; for it may be economy of the truest and wisest kind to spend liberally in some directions. A liberal, open-handed settlement of a dispute with a customer is one of the best, most truly economical investments. But it is wasteful, careless and an economical crime to sweep out a handful of prunes.

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System will prevent the prunes from getting into position to be swept out—thus not only conserving the prunes but saving the cost of picking them up and cleaning them, ready for sale.

Know the Cost

The basis of all this is the Cost Book, for merchandise, and the Expense Account, for every item of expenditure which is not permanent investment. You must know what goods cost as they lie in your store ready for sale; and you must know, to the uttermost fraction, the cost of doing business. There are various forms for the accurate, time-saving keeping of each of these records. You must adopt that which is best suited to your needs and keep to it rigidly every day.

Conservation of Stock

Given the accurate knowledge of the value of merchandise, you will conserve it and automatically learn to get full value out of each item. You must plan to turn your stock as often as possible; to keep it in salable condition; to prevent deterioration. This will lead to conservative buying—just enough for the requirements of your particular business. It is true economy to buy a case of corn every week and sell it, paying 87½c per dozen for it, if that is your reasonable capacity of sale. It is wasteful to buy ten cases for the sake of saving 2½c per dozen, except you have abundant capital and ample storage space, or unless you can work your sales up above one case a week.

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The idea is to avoid wastes of all kinds, whether of goods themselves, or of time to handle them over and over again, or of rent for the space they occupy, or of the dormant capital locked up in them.

Your Own Work

So far, those matters may have been touched upon which you yourself directly control; but, just as soon as you creep out of the embryonic stage, you must delegate work to others—your clerks and assistants. Many men can work for themselves successfully who cannot get good work out of others. The successful merchant must necessarily be a good organizer.

Effective Organization

Effective organization consists in promoting cordial, intelligent co-operation in the entire force. You must make your clerks work with you, harmoniously, cheerfully, willingly. This can be accomplished not so much by instruction as by close association and helpful guidance. If you are an old merchant your first task when you as a boy entered business, was to learn to wrap sugar, rice, beans, green coffee, etc., in flat papers, making up the package completely. It was a task to set any boy thinking. He could not begin it without realizing that he had something to learn.

Training Clerks

To-day you can teach the boys the value to himself and to you of cleanliness of hands and face,

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neatness of clothing, of pleasing and accommodating manners toward all customers, of his willingness to help clerks, of his watchfulness to see that deliveries are made promptly and quickly, and otherwise learning discipline which is just as valuable as the old form of discipline acquired through the tedious wrapping of packages.

Be a Leader

Since the way is made so much easier in these days, there is even greater need for you to lead the young fellows, and you will obtain the best results by so leading them. Tell them things again and again, without loss of temper or impatience, so long as they are honestly responsive; and when they are not, seek to find the cause. Maybe it is in yourself. A stream cannot rise higher than its source. Show the new boys how to open boxes, bearing down on the hatchet, not raising the handle up—and show them WHY. If you see that it is not properly done after one instruction, tell them again—and show them again. Remember, if you can, how much time and patience you consumed when you were being taught these things; and give the boys a show. If one seems dull, or slow-minded, remember that slow-minded men are not always the dullest and try to get into the boy's character—maybe he will prove to be the one you have long been looking for.

Friendly Advice Counts

Be a teacher and guide to these young people. You will find that they respond to fair treatment, honest, serious instruction and friendly advice al-

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most instantly. Then you will have a force on which you can rely for a square deal.

Responsibility

Perhaps the strongest thing you can do in this line is to delegate responsible work to each clerk just a little faster than he seems able to carry it. Shove it on him. If he asks how to do a thing, tell him to go about it in his own way and assure him that he will never learn more thoroughly nor rapidly than by making a few mistakes. Then, if the work be well done, do not fail to express your approval. If it be better done than you could do it—or if it approaches such a standard—tell him all about it.

Be serious and take care not to swell his head; but recognize what he has done so that he will know that you appreciate it. If he has done it badly, lead him into better ways by tactfully showing him how to do it well. Lastly, when you find that one can do a given sort of work half as well as you can do it, make him responsible for it permanently. You will relieve yourself of the job and soon you will find him doing it better than you had done it. Thus you will form an efficient organization—one of the distinctive marks of the successful man in any walk of life.

Every Act an Advertisement

Advertising is so big a subject that it can scarcely be touched upon here. It should be borne in mind, however, that everything you do, from the day you open up until you are "through," is advertising of

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one kind or another. It may be a display in the store—it may be telling about your store by means of printers' ink, used in your local papers or in your circulars, letters, etc. Read the chapter on "Retail Advertising for Any Store."

Sincerity the Keynote

The keynote of advertising, like the training of clerks, is sincerity. If you respect your calling and have an earnest message to deliver, the form is of secondary importance; for the true message will carry and convince. Avoid anything flippant, "humorous" or funny. Business is serious—you want to accomplish a given result—you cannot afford to risk misunderstanding, which means missed sales or offended customers, for the sake of showing how smart you are.

Window Displays

Likewise, have your displays in the windows, on your counters, or in your show-cases, attractive, clean, neat and provided with price-cards. If you stick out a rack of ringers, see that dust is not allowed to accumulate on them. Keep the glass of the show-cases clean by delegating the task of a daily rubbing to one of the clerks.

Adjusting Complaints

Be generous in the adjustment of complaints. Go a bit further than the customer asks you to go. It may be an imposition and it may cost more than you make on that sale; but the good-will of a customer is such a valuable asset that most big merchants

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have adopted the principle that "the customer is always right." If those men cannot afford to have a disappointed customer, you certainly cannot.

The Planner Will Grow

The man who studies his business this way, growing daily as he digs into it, may be a little merchant in a little store to-day, but he cannot be kept there. He cannot be held down by circumstances or anything else. He cannot even hold himself down. He is bound to grow into something better and better, bigger and bigger, so long as he is able to "work at his trade." Read chapter "Planner vs. Plugger."

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CHAPTER XI

HOW EVERY BUSINESS IS BUILT UP

Every business is built up in the same way. No business which is worth having is built up in any other way.

What is the way to build up any kind of a business? If we are to answer that question, let us answer it right and start at the beginning.

A Cement Business

A building cement company is said to have spent one hundred to one hundred and fifty thousand dollars in magazine advertising.

Was that the way to build up its business?

In trying to find out whether this magazine advertising was profitable, the cement company was quite startled to find that some of its inquiries cost $3.00 each. Others cost $5.00, and some cost as much as $10.00 each—that is, if it spent $150.00 for a page advertisement in a magazine, and got only 15 replies to that advertisement, then each reply cost $10.00. Naturally, some people would say: "What! $150.00 for a page and only 15 replies—it don't pay."

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So this company gradually stopped advertising in the publications whose replies cost more than $1.00 each.

Very few direct orders for cement came back from the people who wrote in reply to the advertising.

But the use of cement constantly increased. New uses were found for it. Inquiries began to come in, asking how to use this cement in ways which the company had not thought of. This company began to issue books on the different uses of cement.

Then, it began to put in each advertisement a list of books and called them the "Cement Library."

Did that build up its business?

Finally the government required 10,000 barrels of cement per day. Where did the government go for this cement? To this cement manufacturer, of course—but not because of the advertising or the cement library, although both of these were important factors. The government bought its 10,000 barrels per day of cement from this firm for another and far more vital reason, which you will see a little later.

A Department Store

Here is a retail store. It is an immense affair, beautifully planned. The owner has died. A new management has tried to run it. The business has gone into bankruptcy. A merchant from another

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city comes to town. He looks the building over, he studies the locality, he studies the city. He then assumes control of the business. Fifteen years later he is doing a business reported to amount to almost $25,000,000 per year.

How did the first man build up the business to a success?

What forced the second man into bankruptcy?

What made the third man so successful that he now does the largest retail business in that city?

It is exactly the same thing that made the cement company so successful. Different businesses, different conditions, different methods, different details, but one and the same thing as the foundation of the success.

A Railroad

Here is a railroad that handles one-seventh of the total number of people carried on the steam railroads of the United States, and one-fourth of all the freight tonnage hauled by steam railroads.

How did that railroad get control of so much of the passenger and freight traffic of this country?

No, not politics. Not underhanded methods. Not wholly its naturally strategic position. There is a fundamental reason for its success. It was built up just as the big retail establishment was built up and just as the cement company was built up.

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A Magazine

There is a magazine. Look at it. It has almost 2,000,000 circulation. It charges $4,000 per page every insertion. It often prints as high as 128 pages per issue, half of which will be advertising. If you are in Portland, Oregon, or in Portland, Maine, Muskoka, at the north, or Mobile at the south, or anywhere in between. you will see that publication.

Where did it get its circulation? How did it get so much business? By what means was its prestige built up until it is looked upon as the marvel of the publishing world?

The same as the cement company. The same as the retail store. The same as the railroad.

A Toilet Cream

Now look at an entirely different line. Here is a manufacturer of a toilet cream. He was once a chemist. Before that he was a clerk in a pharmacy. Before that he was an apprentice. When he was a chemist, there was no toilet cream on the market which did not spoil, turn rancid, smell, and if kept too long, or not in just the right temperature, become highly objectionable. Then one day, when making a large mortar full of toilet cream, he had an idea. He stopped a few minutes, and then said: "I will try it." He immediately made a toilet cream in a new way. That is now universally accepted as the correct way for making toilet cream. There grew up such a demand for that toilet cream that now an enormous building is devoted to its manufac-

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ture. It is sold all over the world. It has won grand prizes and gold medals in Europe and America. The chemist has, of course, become wealthy, but that is not what we are here trying to find out. What we want to know is, "Why and how was that business built up to such a size?"

A Sanitarium

Forty years ago a man whom other people thought was a dreamer, rented a little four-room cottage and began to live in a certain way. He persuaded other people to live in the same way. Some people thought he was a religious fanatic. Others thought he was probably crazy. His son followed in his footsteps. The number of people who began to live as this father and son lived, continued to increase. In a year or so, the little cottage was not big enough. A larger building was secured and then a larger and still larger. To-day it requires six big buildings, fifty cottages and a thousand employees to accommodate the people who come to this place for the purpose of learning how the son thinks that people should live. More than a hundred institutions throughout the world have been built by men and women who are trying to teach people to live in this way. Magazines and newspapers are published and libraries contain many books all teaching that this is the right way to live.

A Thermometer Business

About the same time two brothers began to make thermometers. The thermometers which they first

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made were looked upon by others as mere "trinkets," but the business grew and grew, until to-day it is known all over the world, and is making possible by its scientific temperature registering instruments, many of the great industrial, scientific and hygienic achievements of the present age.

A Sales Book Company

Let us come a little closer home. Go back a few years. Here is a building in which are buried hopes of a few men who believed that the merchants of the country were losing a large percentage of their profits because they did not use the right systems of handling business. They got hold of certain sales books and manifold forms, and invented others themselves for handling business in ways which they thought would stop the enormous losses. But they did not have the capital or the executive ability to carry through their ideas. Their business is in bankruptcy.

Along comes a man with a peculiar and commanding genius. He, like every other man, is the development of the kind of life he has lived and the exceptional opportunities that he has taken advantage of. He sees in that bankrupt company great possibilities for usefulness to the business world. He takes charge of it. It begins to grow. He picks out other men to help him. The business continues to grow. It keeps on growing until finally others who have been in the business longer and have built up a far larger business come to him and make overtures. They see in him and the men that he has

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gathered around him the very faculties and abilities which they have long desired to make use of, in their own great institutions. The end of the story is that the bigger companies and the little ones—four or five of them—all got together and put this man in charge of all of them.

Now, the interesting fact is, not that he was put in charge of these four or five companies, but why was he? What is the underlying basis of his success? It is just this; here is his motto:

"Do Everything so Well, That They Will Want You to do it Again."

What does that mean? It means that this company which manufactures business systems and sales books has treated its customers so well that they will stick to it through thick and thin. It means that the thermometer manufacturer has made his goods so accurately that the doctor and the nurse, the steel manufacturer, the apple grower, and the poultry breeder and all other users of scientific thermometers know that this concern has made thermometers so good that they continue to buy them.

It means that the sanitarium and the toilet cream manufacturer and the magazine and the railroad and the retail establishment and the cement company have all made their enormous success through REPEAT ORDERS.

"Repeat Orders" The Real Foundation

One sales book was made so well that many more had to be made. One thermometer was made so

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well that they must thereafter be made by the carload. When one magazine was read, it was enjoyed so much that it must be duplicated by the thousands, tens of thousands and millions.

Of course, every business man knows this. It is an old story; but many of them do not act accordingly. They do not always act as if they were convinced of its absolute and fundamental proof.

Stated in simple language, it is this:

Pleased Customers

No business can be made a success unless its customers are so well pleased with the goods and the service which they get that they will continue as customers and try to get other customers for you.

Any business house—be it a little store on some four corners in the country, or the greatest establishment in the world—cannot build up its business or keep its business built up on dissatisfied customers. It costs more to get a customer than your immediate profit on that customer. That is a general rule that absolutely holds true. Getting a new customer is an investment. The profit that you make on the business that you do with that customer is a dividend. You do not and cannot immediately get back your principal. You must depend upon repeat orders and continual patronage to earn enough dividends to pay you back your investment.

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The Buyer Should Not "Beware"

The old policy of "Caveat Emptor"—"Let the buyer beware"—should be as dead as the most shrivelled-up "Egyptian mummy." Modern business, if it is to attain its fullest possibilities, must be done so well that the world will want it done again.

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CHAPTER XII

THE WEAKEST LINK

There is no "perfect man" or "perfect business." There is no business, little or big, retail or manufacturing, shipping. selling or financing, which does not have at least one weak link.

A few businesses—a very few—are so well conducted that it is hard to find any link which is very weak. In the usual business, however, such as you see every day, there are many weak links. Turn over to the chapter, "Thirty-three Retail Losses" —read that. Every one of those losses is a weak link. Study each one of those links. It is a rare business that is not suffering from at least one of these losses.

Or, turn to the chapter on "The Business Detective." It goes without saying that you believe that your employees are all honest. You would trust them with your bank account.

Yes, that is all right; but after you have read about a dozen cases where other business men have done the same thing before they woke up, then you will begin to wonder if it is not an injustice to your employees and to yourself to use an antiquated sys-

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tem which puts an unnecessary and unbusiness-like temptation in their way.

Now read the chapter which describes how the most successful merchants hire experts and spend hundreds and thousands of dollars in developing a system which will detect and eliminate the weak links.

Every Man Poor Judge of Self

Every man is usually a poor judge of the weak links of his own business. It's a feeling that mortals have. A poet once exclaimed: "Why should the spirit of mortal be proud?" Why, indeed? All that we have to do is look around and we will see somebody else who has done a thing better than we have. He has made more of his opportunities. He has a bigger store, or a bigger business, than we have. He has been able to see things that we could not see, is a better judge of men than we are, has been able to understand and anticipate business conditions far more clearly than we have.

Why is a man the poorest possible judge even of his own ailments? The modern scientific physician knows that he cannot depend on the description which any patient gives of his own symptoms. He knows that the patient will mislead him and get him started treating the wrong disease. He knows by bitter experience that the only way he can be sure of diagnosing a disease correctly is to make the patient keep still, and only answer such questions as he may ask.

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Laboratory Examination

Nowadays, they do not ask: "Does your head ache? Is your back sore? Have you stomach trouble?" and all such misleading, unsatisfactory questions of diagnosis. If the scientist wishes to be accurate, nowadays, he diagnoses each patient by the laboratory method. He examines the blood, the saliva, the digestive juice of the stomach, the urine, and the feces. Then, by delicate instruments, he examines the nerves, eyes, the hair, the skin. After that, he takes certain other physical tests. Meanwhile, the patient can be a deaf and dumb man. When the scientist is through, he lays down a chart in front of the patient. On that chart the patient sees in plain written words just what ails him. Not in misleading, exaggerated terms, but in scientific, exact statements.

Since the day when Pharaoh made the Hebrews manufacture bricks without straw, men have been bending over to pick bricks up and then standing up straight to put them into the wall which they were constructing. Then just a few years ago, a man said: "Why bend over every time? Why not have the bricks put on a platform high enough for a man to pick up the bricks without stooping over, and why cannot that platform be made so that it can be easily raised, and be at the right height all the time?"

The bricklayers were contented. They stated they knew their business. They were master bricklayers before this man was born. They were successful.

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He couldn't teach them anything about laying bricks.

But the man built his movable platform. Straightway he and his men began to lay three and four times as many bricks as the equivalent number of "master" brickmasons could lay in the old way.

Different Things in Different Stores

The weakest link may be forgotten charges in one store. It may be carelessness regarding liquid packages in another store. It may be thieving in another, or disputed accounts, or delivery errors, in another store. It may be indifferent clerks, or carelessness, or a poor system of handling credits, or a costly method of getting back containers, or all these together.

Then again, it may be a wrong method of figuring the cost, or it may be a waste of time or an expensive method of buying and stockkeeping. In one business the weak link is one thing, and in another it is another thing.

The Open Mind

The main point is that every merchant or manufacturer, jobber or shipper, buying agent or selling agent, should cultivate an open mind—should try to get out of his make-up all prejudices and bigotry and narrowness, so that he can see and understand his own business and thereby find its weakest link.

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The way to find the weakest link is not to guess at it or sit and muse over it, or wonder what it is. It will never be found that way. The only way to find all the weak links in a business is to keep reliable records of every transaction in each part of that business.

When business does not "trust to memory," but is conducted upon the written record system, the weak links will quickly come to light. When a weak link is found, then a system can be devised for making that link strong. That is just the way that every big business has been built up.

The Big Business Builders

The men who have built up the big businesses of the world are those who are grounded in accurate systems of handling business. They do not want to tax anybody's memory. They know that it is business-like to have everything written down as it occurs, not afterward. All memory is faulty and inaccurate. They know that any business man who tries to carry his affairs "in his head" is wasting his own energies and handicapping his future business success.

The manufacturers who are making the greatest progress learned long ago that it pays them to bring all of their travelling men together periodically and spend time in learning just what each man has found out in his territory—what customers think—what the travelling men think. A manufacturer then knows what mistakes his organization has made.

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He knows that, first of all, he must find the weak links before he can make them strong.

When the men come right in from the firing line, right from an immediate touch with the customers of the manufacturer, they talk over things among themselves, and the manufacturer then has these weaknesses, as well as advantages, brought out in conference.

Age of Specialization

More and more every day business men, both small and large, are calling upon experts in each line to come and point out the weak links in their business. This is an age of specialization. The old adage, "Jack of all trades and master of none," was never more universally understood to represent a class doomed to failure or small success. It is the first sign of healthy progress when any business man asks the advice of some one else how to correct leaks and losses—i. e., how to cut out or strengthen the weak links in his business.

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CHAPTER XIII

A FACTOR IN COMMERCIAL PROGRESS

In making up a list of the ten most important contributions to the commercial progress of the nineteenth century, it would meet with general approval if the list included the typewriter, the telephone and wireless telegraphy. Yet it would probably cause considerable surprise and discussion if the list included carbon paper, often called transfer paper. Carbon paper, at first thought, seems to be of minor importance, yet the more you think of it, the more its importance grows. The phonograph reproduces the voice, while carbon paper reproduces the written record—which is often more valuable than a library of law books. In fact, carbon paper has served a most useful and important purpose in furnishing the records which have made possible the organization, direction and control of a large part of modern business.

First Made in 1804

The first carbon paper was made in England in 1804. Like many other useful things its origin is said to have been accidental. It was probably first used commercially early in the century in connection with tissue paper, to manifold copies of quota-

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tions and price lists of English export merchants for sending to their agents in different parts of the world.

Wellington's War Dispatches

Carbon paper was used to some extent for army dispatches by Wellington and others in the war against Napoleon. The thin tissue or carbon copy of a military order could be more easily concealed by a courier passing through the enemy's country than could a sheet of ordinary writing paper. The carbon copy could be sewed in the courier's clothing or in the double sole of the boot, and thus made more difficult to detect. This practice was often resorted to.

In fact, it is on record that some of the couriers, when caught, would swallow the carbon paper dispatches to prevent their falling into the hands of the enemy.

Press and Train Dispatches

During our Civil War, carbon paper was used for the copying of press dispatches and military orders. Then the railroads adopted it for the dispatching of trains.

To-day carbon paper is a necessity in the conduct of business. Many millions of individual transactions every day are recorded in duplicate or triplicate, through the use of carbon paper. The elimination of this simple article of our commercial life would throw into the greatest confusion the ma-

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chinery of our business fabric, open the door for wholesale dishonesty and enormously reduce the efficiency of the great army of sales people, representatives, agents, branch managers and others interested in selling and buying.

Universal Use

By the use of carbon paper, the smallest retail store as well as the greatest National and International corporation can have a record of its every transaction.

The accurate record is just as necessary to one as to the other. In each country the business of a great corporation is usually divided into districts. Those districts are divided into stations. Each station is divided into individual units. It may have warehouses throughout the world. It is absolutely necessary that such a corporation shall know at any time the exact condition of every warehouse, the exact condition of every station, and have an exact record of everything which its agents and representatives are doing.

Consequently it requires a daily report from every country, from every division, from every warehouse, from every station, and from every wagon or representative down to the smallest unit.

A Record of Everything

In addition, it must have a record at all times of its vast property, not the products it is selling, but the stables, horses, wagons, sleds, harnesses, auto-

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mobiles, trucks, cars, tanks, stations, warehouses, and everything else with which it does its business.

Naturally it requires each factor in its entire business organization, from the very lowest and most insignificant to the very highest, to furnish a daily report by means of a duplicating or triplicating or manifold form. Each person or station or division or nation makes such a report, keeping a carbon copy of his or its part in each transaction reported. In this way each element in the great organization has its own accurate record, while the central organization has a summarized record of its widely diversified and integral parts.

The above corporation methods are referred to merely to suggest how intricate is the business of every large concern.

The Underlying Principle

Let us state again the principle by which such vast interests are directed and controlled. The principle is that every individual shall make a record of all particulars of each transaction at the time when the transaction takes place.

The individual cannot be depended on to write up at the end of any period of time, a record of what he remembers of the transaction. Memory has virtually passed out of modern commerce. The record must be made as the transaction takes place. The carbon of that record made at that time, while the transaction was taking place, is the identical record

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which will go to the local headquarters. That headquarters makes up its report based on these itemized records of each transaction. The division headquarters makes up its report based on the records of the local headquarters. So the report of each higher organization, until the head office is reached, is based on the report of the division below it.

Record Starts with Sale

Hence you see that everything starts from the itemized "bill of sale" made out by the individual while he is transacting each item of the business. From this you can easily see that if the individual does not make a record at the time of the transaction none of the various subdivisions or even the head offices will have an accurate record.

Without an accurate record organization, concentration, the handling of great national and international business interests, is not possible.

On the other hand carbon paper is not an entity in itself. It is only a means, a vehicle which adapts itself to every form of business and every mode of handling business. It is the friend of the dealer or manufacturer or any other business man interested in the smallest detail or largest operation of business.

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CHAPTER XIV

THE BUSINESS DETECTIVE

Many legitimate profits are lost because merchants and manufacturers "guess" that the goods were received; "guess" that the employees are honest; "guess" that a customer has paid his last bill before they fill the next order when credit is shaky; "guess" that the work and the goods are both up to the standard of quality—and so they keep on guessing instead of having a system to cover every detail of their business so that there will be a written record which will enable them to KNOW.

The "blind tally" principle of receiving goods as mentioned in the chapter on "Big Store Methods," has proven to be a trustworthy and valuable detective in many business houses. Sales-check duplicate and triplicate carbon copy records of each transaction made at the time the transaction takes place and by the person who makes the transaction, are Business Detectives that are universally regarded as indispensable to the best systematized business houses of to-day.

It is the business of a "Store Detective," whether human or "carbon," to catch "with the goods on" those who are doing the stealing or other crooked

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work. Some of the more common ways of stealing in stores are: clerks hold back checks and change the amounts; delivery boys keep the goods and swear they have delivered them; confederates connive with clerks to get credit for goods not returned; clerks keep out for themselves part of the customer's purchases; clerk gets hold of an extra sales book and substitutes checks for different amounts, etc., etc.

Old Style Sales Book

A large concern which has some 25 or more stores scattered over the country began to notice leaks in its cash receipts. There was a cashier in each store. Old style check books were used, one check being given to the customer and the other to the cashier. In one of the stores a cashier secured an extra sales book. When a check came in she would substitute for it a check from the extra book which she had. Suppose she received check No. 10 showing a $2 sale. She would take check No. 10 out of the extra book and make out a check for $1.00 in as close an imitation as possible of the clerk's handwriting, substitute this forged check for the original, and put the difference in cash in her pocket. In the same manner she would take the first opportunity and change the $2 to $1 on the clerk's record card. The remedy for this was easy, too. Modern serially numbered sales books stopped it short.

Knew Clerks Stole

A butcher was conducting a very big business, yet his actual profits were small. He knew that his

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clerks were stealing, yet knew of no way to stop them. Finally the following system was devised for him. He continued to use the same sales books but put in a "Weigh Master." The customer would go to the clerk and give her order. The clerk would get the meat and weigh it and put the price on the sales check, and give part of this check to the customer and the other part to the Weigh Master with the meat. The customer would take her check and go to the cashier and pay it. By the time this operation was completed the Weigh Master would have re-weighed the meat, and discovered any error in the weight or the price. He would then take from the customer the sales check which was stamped by the cashier and give her the other check which he had been holding with the meat.

The butcher who installed this system is now on the high road to prosperity. He is getting what his business earns for him instead of losing it through his clerks' dishonesty.

Systematic Robbery

A large first-class hotel discovered that it was losing upwards of $25,000 a year entirely in the restaurant end of its business. It apparently had a good system, but upon investigation it was found that there was an organized conspiracy among a number of employees to systematically rob the company. In this conspiracy were several waiters, the checker, the cashier and possibly the chef. The method employed was simply a substitution of checks. The clique went so far as to actually forge at great expense a check similar to the ones used by

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the hotel. It did not seem possible with the intricate system then in use by the hotel that their system could be bettered, yet this betterment was accomplished by having their checks made of specially prepared paper which contained the hotel's watermark. This paper also had a tint and was printed with a safety ink which revealed instantly any changing, altering or substitution which might be made. This change in its system enabled the hotel to round up the conspirators and put a final stop to its losses.

A Personal Rake-off

A company which buys a great deal of printing, engraving and art work was greatly surprised to find what high prices it had to pay for this work when it was bought by a certain one of its employees. Booklets which should have cost in the neighborhood of $800 or $900 cost $1,200 instead. Art designs which should have cost in the neighborhood of $15 to $20 frequently cost one-half as much again. It had been accustomed to trusting its employees implicitly and had simply taken this young man's word in every purchase which he made. Then realizing that there must be dishonest work somewhere, it installed a system of order forms in which some member of the firm had to sign an order before it was placed. This order form was so arranged that the price must appear on every order issued before it could be approved. The result was an immediate drop in the cost of printing, art work and engraving. Prices resumed a normal and proper size. The young man who had been so trusted lost

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his job, and a relative helped to settle up for some of the most flagrant of the overcharges which had been made during his brief régime.

Ten Dollars Short

A shoe store using a sales book with a continuous roll tally record on top discovered that a clerk had sold a customer foot-wear to the value of $10.50 and had then erased the $10, showing a sale to the value of 50 cts. Something prompted the proprietor to examine this roll record carefully when it was being audited and he discovered that the change had been made. How did he discover it? He simply looked at the back of the roll and found written there in reverse $10.50. A double face carbon had been used and was the means of a dishonest clerk losing his job.

Customer Dishonest

A certain department store was conducting a remnant sale of fabrics. A small tailor, of the class which always looks for big bargains in merchandise, picked out five remnants and told the clerk he would take them. The pieces were originally $5.00 but were now priced at $3.00. The sales checks when made out by the clerk recorded them at $2.00 each. The wrapper in examining the sales check became suspicious and called it to the attention of the department head. The latter immediately requested the purchaser to accompany him to one of the offices in the rear of the store, and there, upon close inspection of the price mark, found that the customer had erased the store's price and substituted his own figures. The man was allowed to go, upon agree-

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ing to pay the regular price. In this case it was the vigilance of the store's employees which prevented the thievery which was planned.

A Free Lunch

In a large grocery store where a rather loose system of ordering was used, certain leaks became apparent. Two young men were suspected of dishonesty and a diligent search was made for evidence. It was finally discovered that another young man employed in the same department was sending in a requisition to the stock-room for one-half or three-quarters of a pound of cheese every day about 11:30. This young man was taken to the private office of the firm and questioned why he sent in the requisition every day. He confessed that instead of being ordered by one of the customers it was intended for his own lunch, and that in the same way he secured a part of a loaf of bread each day, thereby furnishing himself with a free lunch. When pressure was brought to bear he admitted that two of the other young men in the store, the very ones suspected in the first place, were working the same game to an even greater degree. They were securing cigars and fancy groceries and then selling them to outsiders and pocketing the proceeds. Needless to say a more careful system of ordering was immediately installed to prevent further losses from such sources.

Cashier Vindicates Herself

In a certain store the cashier would be short $20 or $30 every day. The girl was discharged and the store superintendent took her place temporarily.

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The very first day he himself was short $40. After a conference with the owner of the store it was decided to recall the former cashier. She agreed to return to the store if she could keep an accurate tally of cash received from every clerk. A special sheet was devised which contained two columns for every clerk in the store—one for the sales check number, the other for the amount of cash received. As each check came to her the cashier recorded on the sheet its number and the amount of cash received. Although there were forty clerks in the store the culprit was caught at the end of the day. It seems that on the cashier's voucher sent to the cashier with the money he had entered only part of the total amount of the sale. He held the balance of the sales check until this cashier's voucher came back with the change. Then engaging the customer's attention in something else at his counter he would correct the wrong entry on the stub, pocket the amount of change over and above his just entry and send the sales slip to the wrapper to be wrapped in the package in the regular way. To permanently overcome this leak, a system was installed whereby two "cashier's vouchers" were sent to cashier with the money for change. The cashier retained one voucher and sent the other back with the change.

Mamie Kept the Money

A man went into a store in Ohio and bought a pair of suspenders. The clerk quickly pulled out a piece of paper, wrapped the suspenders and took the money. The purchaser on the way out stopped the proprietor and asked if he did not give a sales

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check with every purchase. He said that he did. "Well," said the customer, "look in this package." Mamie had kept the money and made out no sales check. Moral: Don't let salespeople wrap packages. Watch your wrapping counter. Have all packages checked by some one who did not make the sale.

Every merchant owes it to himself as well as to his employees to protect himself from losses through dishonesty. He should not only remove temptation from his employees, but he should also remove any possibility of suspicion falling upon them. This not only affords a clerk protection, which every honest clerk will appreciate if it is properly explained to him, but it increases his loyalty to the business. All this in addition to the immense saving of hundreds, perhaps thousands, of dollars which would otherwise disappear through a thousand and one crooked channels.

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CHAPTER XV

THE NEW PRINCIPLE IN BUSINESS

A new principle of business has been discovered. Like most other new things, it is new mostly in its application. It represents a modern development. This development is not an accident. It is the result of constructive leadership.

In the earlier times when business was an affair between man and man, you frequently heard such expressions as these: "He is the soul of honor"; "His word is as good as his bond."

"The Soul of Honor"

As business grew until it was no longer a matter between man and man, but between institutions and organizations, then we began to hear such expressions as "Financially responsible"; "AA1 credit"; "Preferred and common"; "Bonds and dividends." This change represents the change from the individual to the institution. This change came with the growth of organization.

The Investor

Here is a man who made an enormous success of one line of business. He has made so much money that he wants to invest in some other business. If

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he was extremely successful, he invested in a dozen other businesses. Now, under such conditions, his only protection was that each of these businesses should be so organized that he would know that his investments would be fairly treated.

It goes without saying that the investor could not be in each business all the time to watch each investment. Therefore, the business in which he invested money was so organized that its records could be put before him so that he could know just what was being done.

Annual Reports

Now, records could not be put before him if some system had not been devised for keeping records. No adequate system of keeping records could be devised unless a record was kept of each separate transaction. As each transaction is made, the record is written. That record goes with other records like it. The various records are classified and summarized. The summaries are then analyzed and grouped. The groups are then summarized and put in their proper columns.

When the investor or capitalist or director, or stockholder, comes to his quarterly or annual meeting, he glances over these various columns, and approves or disapproves by his vote.

Man is an organizer. Formerly he organized holy pilgrimages. Then he organized crusades. After that he organized wars of conquest. When wars grew unpopular, he organized business.

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The Desire to Expand

Let us see how this works out in a specific case. Go back 50 years. Here is a merchant. He has a little store. He is a planner. He dreams of being a merchant prince. He knows that his dream will never come true if he tries to do the work himself. He is not lazy; far from it. He works night and day, but not with his hands. He realizes that others must do the work for him while he does the thinking.

But, he also knows that he will never be able to think clearly, unless he has all of the facts before him. How can he get those facts before him in such a way that he can plan new ways to enlarge and improve his business?

Used to Distrust Employees

At that time he found men distrusting their employees. The employees sold goods and usually turned the money over to the proprietor. Sometimes they kept it. Sometimes, however, they turned it over, then went to the till and took part of it out. Sometimes they sold the goods on credit and forgot to enter the credit. We will not say that the person who bought the goods on credit gave the employee money to forget to enter it.

Sometimes the employee felt that he was underpaid, and so took a certain amount of goods home every week. He took them because he felt that they were his just deserts. Sometimes there was a sick wife, or sick children at home, doctor's bills to be

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paid, medicine purchased, operations undergone. The regular wages were not sufficient. So, enough money, and sometimes too much, was obtained in the easiest way to cover these extra burdens.

The merchant knew all of that. He, himself, had been a clerk. He also knew that sometimes the clerks take the money from the proprietor, and sometimes they take it from the customers. He looked around in the business world, and he often saw the merchants themselves taking it in questionable ways from their own customers. Possibly he himself remembered things which were not conducive to pride and self-laudation.

Knowing vs. Distrusting

So he asked himself—"How can I know exactly what my employees are doing?"

He kept asking himself this question, until one day a man came to him with a queer-looking little book with a piece of carbon paper in it and a tissue paper under the carbon.

The merchant thought to himself—"If I give each one of my clerks one of those books, and request him to write down every sale that he makes, and give to the purchaser this first sheet of paper, and keep in the book the copy sheet, then the books containing the tissue sheets can be brought to me regularly, and I can figure up just what each clerk has done. I believe that my customers will come and tell me if any of the clerks do not make out these slips correctly."

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Then the merchant said to himself—"I will advertise this method, and show my own faith in it by offering to give back the money of any customer who is not satisfied with her purchase. In this way, I may be able to detect something in my store which I now do not know about. The public will have more confidence in my goods and my store. They will feel that they can safely trade here, because they get this 'bill of sale,' no matter whether they buy a package of needles, or a silk dress, or the goods to furnish their house. If those goods are not what they expect, they can bring this 'bill of sale' back to me, and I will return their money."

Educating Employees

Now such a system worked another revelation which was not expected. The employees, before that time, did not have an accurate system with which to work. Hence they were careless, and carelessness weakens moral fibre.

But with an accurate system, the employees began to be careful. They began to take pride in their own dealings, and in the method of doing business which their employer had inaugurated. Institutional pride took hold of them. They had records to keep, which showed just what they did, each day and every day.

Now the merchant himself, when he got hold of this method of keeping a record of each employee's transactions, knew (did not have to guess) just what each employee was doing, and how much that employee was worth to the business.

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Educating the Public

Another revolution which the keeping of records works, is very interesting and far-reaching. When the customer finds in every package which she purchases from a retail store, a "Bill of Sale," represented by a sales check, she may throw it away. After a while, however, she begins to save those checks, so that she can keep records of her purchases. It is a very interesting phase of human nature that a development of this kind in the home takes place so universally, no matter where the merchant is, or what kind of a store he runs. Hence, the use of sales checks and the making of accurate records of every business transaction, develops carefulness, accuracy, thriftiness and the keeping of records in the home. It helps to stop reckless buying, extravagance, expenditures beyond means, running into hopeless debt, and all of the other evil practices which go with careless and thoughtless buying.

When sales checks and sales books and manifold forms for keeping records were first manufactured, they were expensive. Their cost and operation amounted to a considerable sum. Nowadays, however, the business of manufacturing books and other materials for keeping records has evolved and developed to such a point, that the expense is such a small item that even the smallest store or the smallest business of any kind cannot afford to run without accurate records.

Inviting Loss and Trouble

In fact, every kind of business merely invites trouble, invites losses, invites the squandering of

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profits, invites errors, collusion and stealing, when it tries to conduct its business without a written record of every transaction. Such records must not only cover transactions with customers, but they also must carefully cover transactions between two stores owned by the same man; between two departments in the same store; between warehouse and store; between clerk and cashier; between cashier and bookkeeper; between the buying department and the accounting department; between the main offices and branches; between the selling department and the manufacturing department; between the accounting department and the shipping department; in fact, the record must cover every possible step in business, so that there is a continuous written record of everything. This is the only way that loopholes can be plugged up, leaks stopped, controversies prevented, and a complete return secured and held for everything connected with the business.

Following the Leader

It is not a necessary part of the above story that that merchant now has 8,000 employees and does a business of nearly $50,000,000 a year. It is, however, interesting to know that every big store in this country now follows this merchant's method. Some even claim that he was not the one to inaugurate it; that they used it before he did. We aren't discussing that point. The point that interests us is, that even the little store—the smallest progressive store nowadays—knows that it, too, should keep a record of every transaction, if it would succeed.

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Nor is this knowledge applicable only to retail stores. In every business, every transaction should be made a matter of record, and each party to that transaction should have a record covering his part of the transaction.

The travelling salesman takes an order and sends it to his house, but keeps a carbon copy for himself. The retail merchant, no matter what kind of goods he handles, gives each customer with each purchase, an invoice of the goods purchased; sends a carbon copy to the bookkeeping department through the cashier, if a cash sale, or direct to the accounting department if a charge sale, and keeps a second copy in the sales book. The bottler or the ice cream manufacturer, or oyster shipper, or wholesale dairyman, or anybody else who sends goods in a container which container has to be returned, also sends to the purchaser a sales slip "Bill of Sale," sends one copy to the office and keeps the other as a memo. to get back the containers. Even the waiter in the restaurant submits to his customers, a "Bill of Sale," showing the various items served and the price of each, so that the diner can look up the items and see if his bill is correct before he pays.

Even the Cemetery

Why, even the modern cemetery is so interested in pleasing its customers and avoiding confusion, that it gives to each purchaser of a lot an original and carbon copy receipt describing the lot purchased, so

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that there will be two records of that lot in the family possession, inasmuch as there is usually more than one individual interested in the burial plot.

Sixteen Reasons

There are sixteen fundamental reasons for the universal adoption of this principle in business:

1. Every purchaser is entitled to a bill of sale of the goods purchased.
2. Every seller is entitled to a copy of the invoice of the goods sold.
3. Every employee of the buyer or seller has a right to have a record of his own part in the transaction.
4. The giving and taking of such records stops controversy. Controversy is the most costly loss in business.
5. The giving of such a record creates confidence and predisposes to satisfaction in the minds of the purchaser.
6. The making and keeping of accurate records create honesty and loyalty among employees.
7. The presence of such records deters many employees from defrauding, and helps to detect those who do defraud.
8. Such records show an employer the earning power of each employee.
9. Such records permit those who receive goods to check all of the items over carefully so as to prevent short weights and measures and defective goods.
10. The habit of depending on records prevents the serious losses which come through faulty

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memory, oversight, unintentional errors, carelessness and ignorance.

11. Records avoid loss of time and save unnecessary labor.
12. A record makes possible the carrying out of a definite plan of action in a nation-wide or world-wide organization.
13. Records increase the efficiency of employees, making each feel that his true worth will be known.
14. Records make it feasible for a management to determine what is a fair quota or stint for each employee, thereby stimulating friendly rivalry and competition among employees.
15. Records not only show what has been done, but how much remains to be done to equal the quota or meet the requirements.
16. The keeping of records is a protection to honest employees against dishonest.

Besides these sixteen fundamental reasons, there are many other indirect, contributory reasons. Indeed, it seems almost like wasting time to be arguing this point. It seems as if there could be no business man nowadays who did not realize the importance of an itemized, accurate record of each transaction—not a one-sided record—not a hastily scratched memo., but a record—a real record, in which there are duplicate or triplicate or as many more records as are necessary to satisfy all parties to the transaction.

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CHAPTER XVI

THE STORE OF TO-MORROW

What will the store of to-morrow be like? Will it be one of a chain of stores, or will it be a big amalgamation of many stores under one roof? Will it be a cash store, or a credit store? Will it buy through some co-operative buying association? Will it join with other local merchants in having a common system of delivery at stated hours of the day? Will it cut out the jobber and buy direct from the manufacturer? Will it tend more and more to handle advertised goods, or will it gradually go back to handling practically none but unknown and non-advertised goods? Will it charge extra for delivery? Will it allow goods to be exchanged? Will it refund money for unsatisfactory goods? Will it pay its clerks by the commission system in proportion to their salary, or according to the present system of fixed wages?

Will it be incorporated and make its employees a part of the business, vitally interested in its success as their own business? Will it still pay out the vast sums of money that it now spends in advertising? Will the tendency be for all stores to keep adding to their lines of goods, or will the various allied goods naturally come together in one store?

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Will the jobber, in order to preserve and increase his influence, more and more finance the retailer, so as to keep the retailer under obligation to him?

These are all pertinent questions. They are just the questions which every wide-awake retailer is asking himself. He is trying to figure out to his own satisfaction just what the tendency will be.

Permit us to point to some apparently inevitable conclusions.

Capital Will Concentrate

First, capital will continue to concentrate. The following are five of the many ways for it to concentrate:

1. It can concentrate on one big store in eacn locality.

2. It can concentrate on one management for many different stores, just as it is doing in this country and has done, to a greater extent, in England and Germany.

3. It can concentrate on jobbers supplying capital, and thereby controlling the trade of many retail stores.

4. It can concentrate on associations for advertising nationally allied businesses, such as is now being done by lumber producers, laundries, milk-producing associations, etc.

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5. It can concentrate on allied manufacturing plants, and supply selling agencies with their products.

One thing is certain, money which is already concentrated is not going to be dissipated; the power that comes with concentration of capital is so great that it is not going to be used less effectively by being put into separate and unallied units.

The Small Retailer

If the above is so, then what is to become of the individual small dealer?

Why, he is going to be just as useful, and just as prosperous and successful as he is now, providing he deserves to be. He, too, will have to concentrate, but his concentration will not be one purely of capital, nor one of great buildings, nor one of many stores, nor one of enormous advertising.

His will be a concentration of personality, of specialization, of intensive service, of direct friendly relations with his customers. These will come about by his adoption of the sure and safe modern methods that have made success possible for the big stores and other big concentrations of capital.

The human heart is the same everywhere, and always will be the same. It likes company and sympathy and friends.

The small dealer who takes this fact into consideration, and makes his store in all of its dealings

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reflect his friendship, his appreciation of his customer's trade, and his sincere desire to be of real service to his customers in every smallest particular, will be just as prosperous in the future as in the past. Indeed, he will have a surer prospect and greater promise of success than had his predecessor.

The dirty store, the unaccommodating store, the careless store, the discourteous store, the crooked store, the lazy store, the poor-value store—they will all gradually disappear. There will always be some stores of that kind with us, but they will constitute a large part of the twelve or fifteen thousand failures noted in the annual Commercial Review.

Promises of Success Greater

Some merchants are inclined to think that the store of to-morrow does not hold out much hope for them. The fact remains that there never was a time when an ambitious, capable, courageous young man could start a store in a little town or a big town, in a Western town or an Eastern town, in the North or in the South, with a greater promise of making his store grow and prosper and expand until it became a factor in the merchandising of its locality.

Clearly Defined Methods

The door of progress is not shut. It is open wider than ever before. Never in the past were the methods of successful merchandising so clearly defined, or so accurately known; never in the past were the ways and means of building up a business so accessible; never in the past were there so many forms

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of service with which an ambitious dealer could win customers; never was there a country in which everybody had so much to spend, and spent it so freely. Never was there a time nor a place where the honest, ambitious merchant could get fairer treatment from jobbers and manufacturers, or win desirable trade so fast for himself by giving honorable, liberal treatment to his customers.

A philosopher wrote the undying statement that any man who desired to be greatest should be the servant. For centuries this statement was taken for a purely religious dogma; now throughout the commercial world it is recognized as a business axiom of marvellous potency in commanding success.

The store which would be greatest must give the greatest service to its community. The man who would be greatest must give the greatest service to his clients. The party which would be the greatest must give the greatest service to its constituents. Service is the first and last requisite. It is the keystone of the arch of success.

The annals of history show that the world's greatest generals have been those who began as common soldiers. They first made a success as common soldiers before they took the next step. They were successful in each position, rising from step to step because they compelled success through the carefulness and skill and reliability with which they filled each position in their upward march.

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The First Thing to Do

The first thing for any business man to do is to make a success right where he is now. Dreaming of other locations and other conditions devitalizes and robs him of the energy and spirit to win against all odds with the tools and in the place where he now is.

If the merchant with only one clerk, or two clerks, or three, or four clerks, hopes some day to be a merchant prince, he must buckle down to the task of making his present store so clean, so friendly, so inviting, so serviceable, so satisfactory, that he will be compelled to enlarge it, or take on a bigger store, or step up into a more responsible command.

"The Store of To-morrow"

The store of to-morrow will be more successful than the store of to-day; there will be less losses, less controversies, less errors. It will be more accommodating, more courteous, more serviceable. It will continue to give greater and ever greater value. It will find hundreds of new ways of being useful to its customers. It will be a safer investment for the capitalist. It will supply a surer channel of livelihood and success for ambitious men and women. It will occupy a position in its community which will give its clerks and managers and proprietors more honor, a better standing and a greater trust than they now hold.

Just a straw to indicate how recognition of the store of to-morrow is coming sooner than we thought.

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Have you ever realized what it means that so many big stores are opening bank departments, where their customers can keep funds in safety and draw interest on them?

It shows how the public faith in the stores of service and of increasing usefulness is becoming so great that the public not only trades there, but leaves its money there in trust with the merchant.

All Hail the Store of To-morrow!

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